- ***Paneling comes out of the den—page 15***
- ***Western Home Center Show preview—pag***

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Home Center News®

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Workers complete clean-up job after blaze that killed two customers and two employees, while ravaging entire west wing of Ole's South Pasadena, Calif., store last month. NHCN photo

Four die in Ole's fire; faulty wiring explored

Local fire chief blasts lack of sprinkler system

By Brad Altman
NHCN West Coast editor

SOUTH PASADENA, Calif. — Fire investigators said an "electrical problem" in the ceiling was the likely cause of a fire that swept through a portion of a 42,000-sq.-ft. Ole's Home Center outlet here, killing four persons.

All four victims—two employees and two customers—apparently died of smoke inhalation and burns, the Los Angeles County Coroner's office said. The victims had been reported missing immediately after the fast-moving fire struck shortly after 8 p.m. on Wednesday, Oct. 10, but their bodies were not discovered in the rubble until the following afternoon.

Darryl Bradley, Ole's loss prevention manager, said the fire started in an area "between the housewares department and the lighting cloud" in the west wing of the building. "The ceiling portion of that area was almost totally engulfed in about 15 seconds," Bradley said.

South Pasadena Fire Chief Gene Murry told *NHCN* "there was so much destruction" that the exact cause of the electrical problem—apparently in wiring—may never be determined. The fire smoldered for an unknown period in the confined attic space before reaching its explosive-like flashpoint, which propelled the flames from the attic into the store itself. Approximately 18 to 20 employees and 10 to 20 customers were in the store at the time.

The east wing of the building, separated from the destroyed west wing by two fire doors and a concrete dividing wall, suffered only smoke and water damage. The building was acquired by Ole's in 1981. The west wing was formerly a drug store and the east wing a supermarket. The ravaged west wing represented about 40% of the sales floor.

Fire officials said damages

(Continued on page 50)

K mart's Builders Square assaults Chicago market

First 3 of 35 stores debut

By John Caulfield
NHCN senior editor

CHICAGO — While shopping the new Builders Square unit in suburban Oak Lawn, a local resident, James White, put down the paint roller tray he was perusing long enough to comment that "I like it; the store is different than anything I've been in in Chicago."

Executives for K mart Corp., no doubt, are banking on the same positive reactions from other Chicagoans like White coming into the three Builder Square warehouse home centers it opened here on Oct. 18.

These units, and the 11 stores in the Sunbelt it acquired through its $90 million merger with Home Centers of America (HCOA) earlier this year, form the wholly owned subsidiary that K mart will use to launch its full blown entry into the home center field that is projected to expand to 35 stores by the end of 1985, and conceivably could grow to 100 units in three years.

"We have a 'can't miss' formula of low prices, lots of merchandise and strong service that positions Builders Square for unlimited growth," said K mart's chairman Bernard Fauber to a gathering of reporters and other visitors to Builders Square's 90,000-sq.-ft. Niles, Ill., unit the day before the opening.

Even the problems of the store's generator malfunctioning an hour before the opening ceremonies could not dampen his enthusiasm, as Fauber told the crowd that "We believe we

(Continued on page 49)

K mart chairman Bernard Fauber at grand opening of new Builders Square in Niles, Ill.: "We will very quickly be the largest operator of these type units in the United States." NHCN photo

PERGAMENT READIES 5th WAREHOUSE UNIT

Chain speeds large-store growth with 4 new warehouses in 1985

By Donald Longo
NHCN managing editor

WOODMERE, N.Y. — Pergament Home Centers will soon open its fifth warehouse-style store when it moves into a 70,000-sq.-ft. building here. The 40-store chain plans to open four new warehouse stores, ranging in size from 50,000 sq. ft. to 70,000 sq. ft., in Long Island and upstate New York by early next year.

In addition, the chain plans to enlarge its 2-year-old, 38,000-sq.-ft. Staten Island store to 50,000-sq.-ft. by the end of this year and to expand its smaller, 6-year-old Baldwin, Long Island, unit to 35,000 sq. ft. in early 1985.

According to Murray Pergament, part owner of the Melville, Long Island-based chain, this expansion represents the company's continuing movement toward larger size stores. He said the new outlets will open in Patchogue (70,000 sq. ft.), Port Jefferson (60,000 sq. ft.) and Riverhead (50,000 sq. ft.), Long Island, and in Peekskill (50,000 sq. ft.), New York.

The new Woodmere store, located in a totally rebuilt former Playworld outlet, will replace a traditional-style, 16,000-sq.-ft. Pergament Home Center situated in the same shopping center on Rockaway Boulevard at the New York City-Nassau County border.

Pergament, with stores in New York, New Jersey and Connecticut, opened its first warehouse home center late last year when it converted its Bethpage, Long Island, outlet to the now-popular format. Murray Pergament, whose chain generated an estimated $160 million in sales last year, indicated the new Woodmere site duplicates merchandising and display concepts established at the Bethpage store.

In mid-October, the unit was still under construction and no opening date had been set, al-

(Continued on page 50)

$400M DEBT PAYMENT DUE

Evans splits Retail Group into separate companies

By John Caulfield
NHCN senior editor

MIAMI — Evans Products has officially broken up its Retail Group into three subsidiaries, a move that one company executive thought "could put Evans into the position of moving the Retail Group out of the company in a more formalized way."

On Sept. 28, "Grossman's Inc." was born, bringing together into a single entity Evans' Grossman's, Moore's, Grossman's West, Alamo and Hubbard & Johnson chains that collectively operate more than 300 stores and accounted for about 85% of the $928 million in sales generated by the Retail Group in fiscal 1983. The subsidiary will be based in Braintree, Mass.

The 44-unit Lindsley chain, based in Miami, which Evans acquired in 1979, will remain as another subsidiary, as will the three-store Steel City in Pittsburgh.

Evans Products has been saddled with declining sales and enormous debt for the past several years, and it has

(Continued on page 4)

NEWSBREAKS

BUSY BEAVER SPLIT. Busy Beaver, Pittsburgh, has agreed in principle to sell its 14 lumberyards to Jack Fagen, who has left his post as president of the former 24-unit chain. He has been replaced by executive vp Charles C. Bender, who will head the remaining 10 home centers.

COURTESY DIGS IN. Courtesy Home Centers finalized the purchase of a 10-acre site on the south side of Chicago early last month. It plans to build a 90,000-sq.-ft. store to open late 1985.

COLOR TILE EXPANDS INTO CANADA. Color Tile, the 639-store specialty retailer of floor coverings and wall covers based in Fort Worth, Tex., has paid $27 million for Color Your World, a Toronto-based retailer and operator of 130 retail stores in Canada and 22 stores in the United States.

INSIDE:

HOUSING STARTS made unexpected comeback in September ..... **Page 2**
BUILDERS EMPORIUM management exodus continued with resignation of merchandise manager Mike Gayler **3**

NHCNews Briefs

Industry Update

Lowe's to open 54,000-sq.-ft. unit

NORTH WILKESBORO, N.C. — Lowe's new, 54,000-sq.-ft. "super-prototype," scheduled to be opened this month in the Louisville suburb of St. Matthews, will not only be the largest Lowe's to date, it will be the first to use warehouse racking on the sales floor.

The center of the store will resemble the current Lowe's prototype, with shopping areas coming off a race track loop. Surrounding that core on three sides, however, will be merchandise on warehouse racks.

Essentially, Lowe's is removing walls that in current retrofitted stores separate the sales area of the unit from the backroom. While noting that the Louisville store will have a "warehouse look," Lowe's officials emphasized that it will not be a warehouse store.

It will be an experimental store of a size and layout Lowe's could turn to in entering large markets. For filling in its existing, smaller markets, however, 30,000 sq. ft. will be the optimal Lowe's store size.

The 242-store company is expected to complete a $40 million private placement of long-term debt later this year or in early 1985 to fund its expansion plans.

Grace scraps Loading Dock

BREA, Calif. — W. R. Grace has abandoned plans to open two Loading Dock warehouse home centers in the southern California cities of Claremont and Riverside early next year. The Monrovia, Calif.-based Loading Dock division, under development by an Ole's Home Centers management team headed by Bob Stutz prior to the Ole's-Grace merger in July, was disbanded Oct. 12.

An Angels Home Center in Riverside formerly slated to be retrofitted into a Loading Dock and a site in Claremont earmarked as a Loading Dock build-to-suit will now both become Ole's, according to John Markley, president of the Grace western home center division. Markley said it had not been determined whether the Loading Dock staff will be integrated into the Grace organization.

Westlake acquires independent

HUTCHINSON, Kan. — As part of its continuing expansion drive, Westlake Hardware Supply acquired a well established, two-unit hardware independent here on Oct. 5 for an undisclosed price. The acquisition brings Westlakes store total to 28.

Now that this Moberly, Mo.-based chain has taken over Reno's Ace Hardware from its former owners, Dick and Florence Langenwalter, it is faced with the challenge of maintaining and expanding an already successful local business.

Reno's has some merchandising techniques that are new to Westlake, and to many of the nation's hardware stores.

For instance, the 16,000-sq.-ft. store in north Hutchinson carries a large sporting goods department with over 10,000 stock keeping units in soft lines and hard lines. It also carries a large giftware and housewares department.

Another new area for Westlake is Reno's extensive warranty repair department. There are two full-time mechanics who repair warrantied merchandise as well as give more familiar services such as screen window replacements and lawn mower repairs.

These departments, and all the staff formerly employed by the Langenwalters, are being kept on, but Westlake executives plan to increase the number of sku's in some areas.

National Home Center News

Financial News 6
Editorial 8
Washington View 8
People 10
Lumber Report 12
Merchandising 15-25
Advertising & Marketing 28-34
Home Center Marketing Strategies 30
Systems & Operations 36-38
New Systems & Operations Products 38
Western Home Center Show Preview 41
New Products 44
Classified 46-48

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Vol. 10, No. 23 Nov. 5, 1984

Hechinger's 1st warehouse store follows penchant for neatness

By Kenneth Schept
NHCN executive editor

RALEIGH, N.C. — In many ways the first Hechinger warehouse store, which opened here last month, resembles the outlets of that type that preceded it.

Customers enter through a channel of lighting fixtures, ceiling fans and electricals to reach the rest of the store where merchandise is available on warehouse racks.

In other ways, however, the presentation remains more typical of Hechinger, which in its other 43 units built a reputation for attention to detail and department-store-like housekeeping.

Consequently, missing from this warehouse interpretation is the bulk stacking of products on the floor or pallets that has come to characterize the intentional disordered look of warehouse merchandising.

Except for ceiling fan inventory, which is stacked under the hanging fans, merchandise is on racks, not in the aisles. Philip Mansfield, executive vp, explained that the fixtures simply provide a more efficient use of vertical space.

"You know us," he joked. "It didn't look neat."

As always, what appears to be Hechinger's obsessive concern with order in its stores is a strategic device to appeal to a certain, urban—and often female—consumer. In addition, Mansfield noted, the level of control that produces this environment also reduces markdowns and shortages.

"I walked down the aisle and saw paint cans missing," said Mansfield in describing a tour through the Raleigh store on opening day, Oct. 13. "An hour later it had all been fronted. A bit of the company discipline."

Subtle attention to detail is also reflected in fixture heights. The Raleigh store is wide but shallow. Customers enter on the extreme right, go about 50 ft. through the electricals channel and then turn left onto a 14-ft.-wide "drag strip" aisle that runs the width of the store.

Merchandise is on warehouse H-frame fixtures to the left and right with plumbing coming first and lumber and building materials arrayed at the far end. The racks to the left, toward the front of the store, are 8 ft. high, while the racks to the right are 12 ft.

"We pay a little more attention to the operation of a store," said Mansfield. "We don't just put fixtures in a store, throw stuff on shelves and say let's go."

Attention also went into the size of the aisles, he said, noting that they were wide to avoid the "canyon look."

Additionally, unlike most other home center warehouse stores, all merchandise is not kept on the sales floor. Again, because of the Hechinger approach to retailing, a bilevel stockroom contains inventory that the company feels should be kept away from public view, such as merchandise for future ads.

While the Hechinger approach is apparent, there are changes. Gone is "Hechinger blue," the cool shade that domi-

(Continued on page 50)

Sutherland Lumber unveils new retail credit program

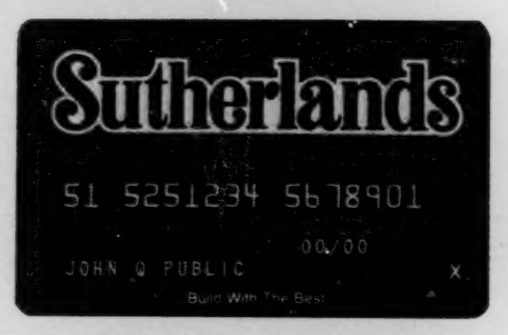
KANSAS CITY, Mo. — Since mid-September, Sutherland Lumber's customers have been able to buy merchandise in the chain's 82 stores using the company's credit card.

The bright red card has "Sutherlands" and the logo "build with the best" printed in red and white on it, and is issued by the United Missouri Bank of Kansas City.

It is available to retail and contractor customers alike, according to Craig Sutherland, part owner of the chain. The chain began advertising the card in its regular print ads in early September.

No fee is charged for carrying the card, and, if the customer pays the full balance of his charge card shopping spree within 25 days of the billing date, there is no finance charge.

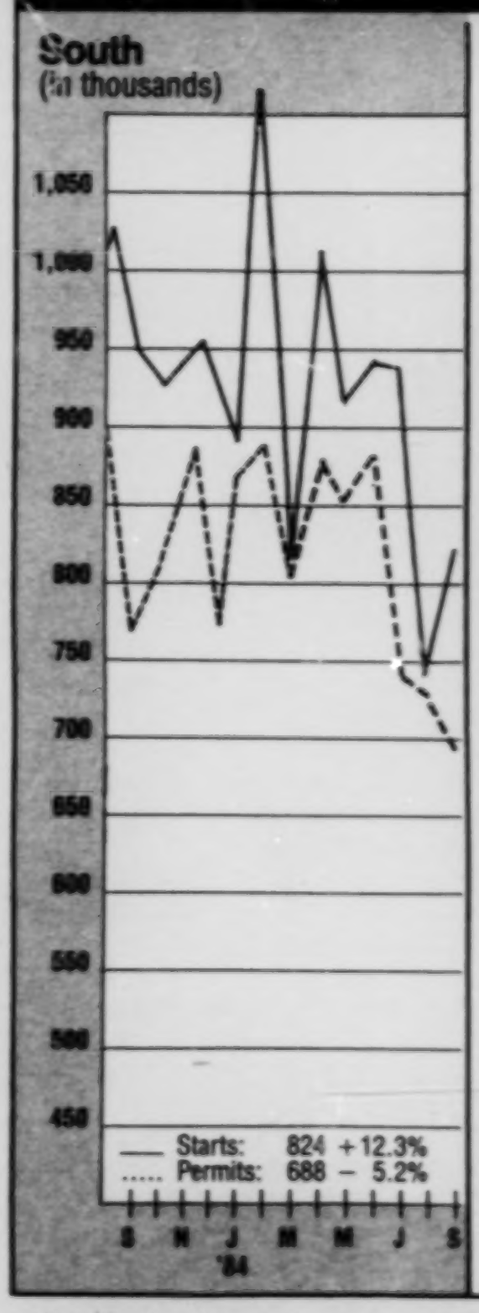
No interest is charged on new purchases until after 25 days from the billing date.

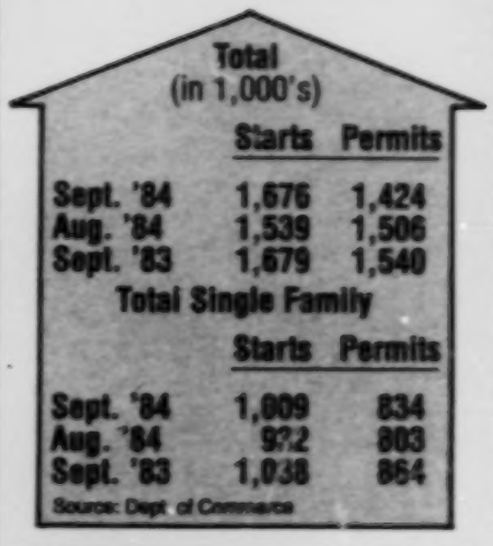


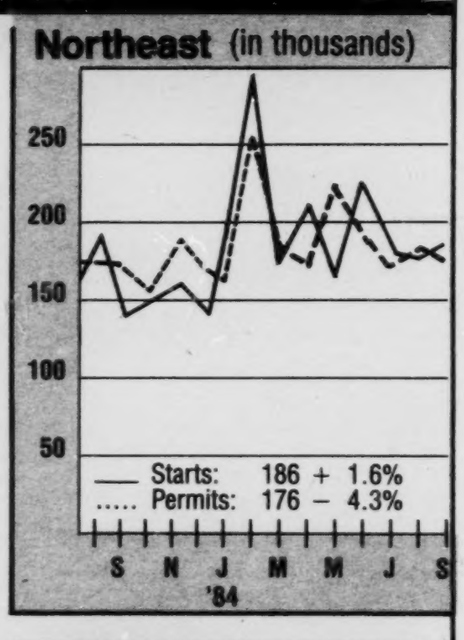
Sutherland Lumber has introduced its own credit card which can be used by customers at all Sutherland stores, as well as the HouseMart Warehouses and Crate Deals hardware store the company operates.

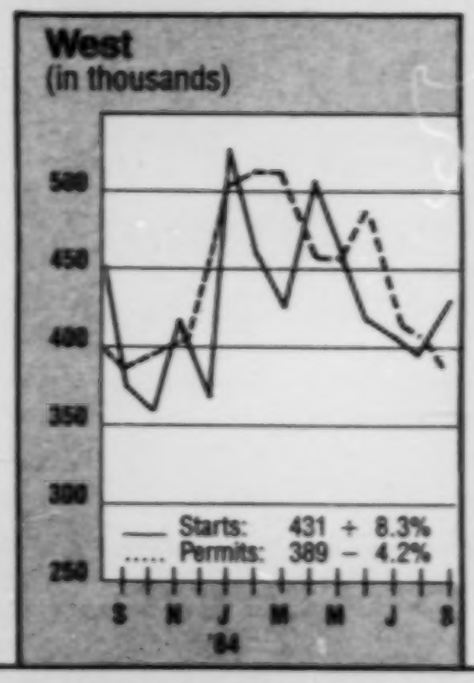
Customer applications for the card are mailed to, and processed by, the United Missouri Bank of Kansas City, which sends monthly statements to each account.

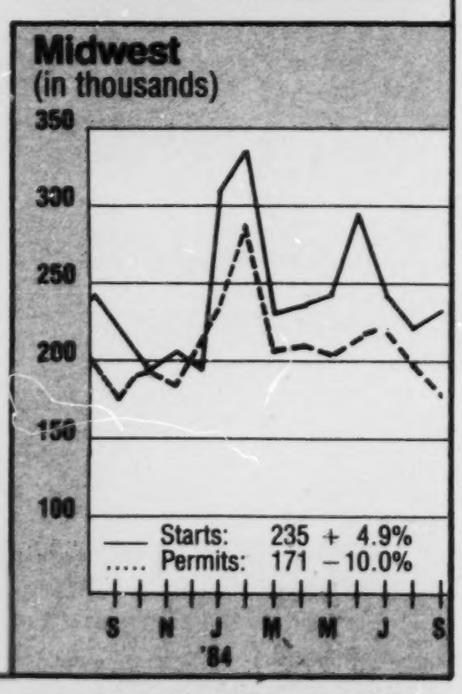
September home-building activity











September's total housing starts rebounded to 1.67 million units, seasonally adjusted, up 8.9% from August due to a slight easing of mortgage rates. Single-family starts rose by 8.3% to 1 million units, seasonally adjusted, but remain nearly 3% below last year's September figures. The South recorded the largest increase in starts, up 12.3% to 824,000 units, seasonally adjusted, but again, that figure is 12% below September 1983 starts.

Total building permits fell by 5.4% to 1.42 million units, seasonally adjusted, and all regions recorded decreases over August's figures. However, single-family permits remained strong, up 3.5% over August.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Lowe's	9/30-1 mo.	$ 135,300	$ 113,400	19.0	—	—	—
Pay 'n Save	7/28-2nd qtr.	342,217	301,469	13.5	$ 3,077	$ 8,480	(63.7)
W. R. Grace	9/30-3rd qtr.	1,658,317	1,506,965	10.0	33,108	28,113	17.8
	9/30-9 mos.	4,897,048	4,466,722	9.6	136,504	101,728	34.2

*$ in thousands

Source: Company reports

STOCK PRICES

		As of 10/15	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		39¼	45	32½	13
Edison Bros. Stores (NYSE) [Handyman, Homer's]		34¼	43⅜	33⅛	8
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		4⅞	13¾	4¾	21
Forest City (AMEX)	A	20⅜	21	13⅝	—
	B	20⅛	22⅜	13	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		42¼	48⅝	36½	11
Home Depot (NYSE)		13⅝	28¾	12	27
K mart (NYSE)		35	39¼	26¾	9
Lowe's (NYSE)		21⅞	25	16¼	14
Michigan General (AMEX) [Diamond Lumber]		7⅛	14	4⅝	71
Pay 'N Pak (NYSE)		15⅝	20	12¾	13
Payless Cashways (NYSE) [Furrow]		15⅛	27	13½	12
Scotty's (NYSE)		13⅞	16⅜	11⅜	10
Southwest Forest Industries (NYSE) [Knox Lumber]		17¾	22½	12¼	—
Standard Brands Paint (NYSE)		18¾	24¼	16½	10

Nasdaq—over-the-counter stocks

		As of 10/15	52-week High	52-week Low	P/E Ratio
Color Tile		16⅜	18¼	15⅝	—
Hechinger	A	18½	24¼	13½	—
	B	18¾	24½	14	—
Homecrafters Warehouse		8	17½	7½	—
National Lumber		5½	12¼	5¼	—
Pay 'n Save		23⅜	29¼	14⅜	—

Over-the-counter stocks

	As of 10/15 Bid	As of 10/15 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	19	—	25¼	17
Hines Lumber	43¼	44	44½	27½
Scotts Seaboard [Scott's]	1⅞	2⅛	4	1¾
Wolohan Lumber	5⅜	5⅝	6⅞	4

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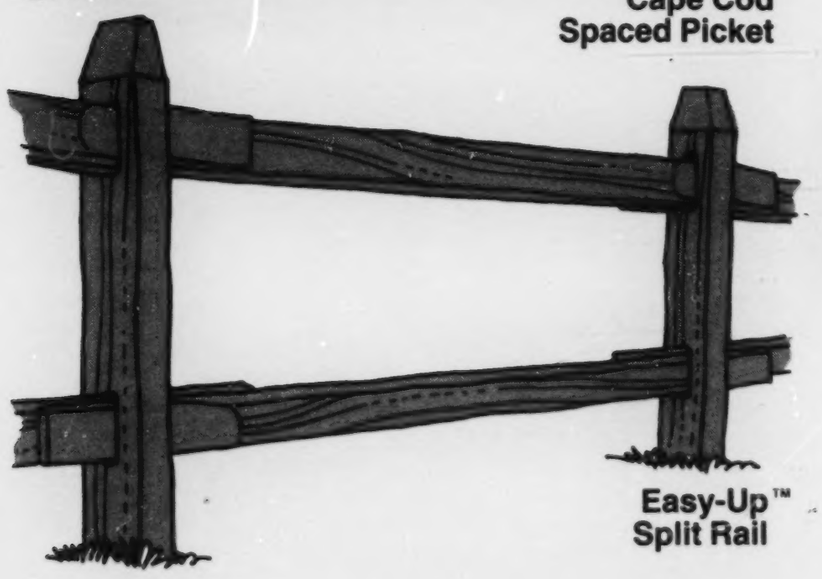

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FINANCIAL NEWS

Pay 'n Save net earnings fall 64% despite 14% sales gain in 2nd qtr.

SEATTLE — Although Pay 'n Save rang up a 14% increase in sales for its second quarter, which ended July 28, the company saw a substantial 64% drop in net earnings.

Quarterly sales totaled $342,217,000 compared to $301,469,000 for last year. But 1984's second-quarter earnings were $3,077,000 as opposed to earnings of $8,480,000 for 1983's second quarter. Comparative per share earnings were 20¢ for the current second quarter vs. 58¢ a year ago.

Vice chairman Calvin Hendricks blamed Pay 'n Save's poor showing on lower than anticipated sales and comparative gross margins, particularly in the home center division. Despite the disappointing results, announced expansion plans for the remainder of the fiscal year include another Ernst.

Pay 'n Save's earnings downturn also reflects one-time expenses incurred in the sale of six unprofitable Pay 'n Save drug stores in California and the closing of two others, one in California and the other in Hawaii. Hendricks also said the second quarter's earnings were negatively impacted by start-up costs for Price Savers Membership Warehouse and Northwestern Drug Company. In May, Price Savers' second warehouse opened in Fife, Wash.

Forest City Dillon files with S.E.C. for new stock offering

CLEVELAND — Forest City Dillon Inc., a wholly owned subsidiary of Forest City Enterprises Inc., has filed an SEC registration statement for an offering to shareholders of both Class A and Class B stock of Forest City Enterprises. The offering will be for interests in two limited partnerships formed for the purpose of owning certain real estate now owned by Forest City Dillon. Shareholders will be entitled to invest in either or both partnerships, generally in proportion to the amount of shares they own.

One partnership, for $3,338,160, will acquire a 99% interest in three subsidized housing projects in California. The other partnership, for $4,609,840, will acquire a 50% interest in the Mellett Mall Shopping Center in Canton, Ohio. Forest City Dillon will retain the remaining 50% interest in this shopping center.

Palmer Lewis sales rise 20% in 2nd qtr., net income declines

AUBURN, Wash. — Building material distributor Palmer G. Lewis Co. has reported second-quarter sales of $40,329,367 for the three months ended July 25. That's a 20% increase over last year's same period figure of $33,536,131. Although sales were up, bolstered by PGL's May acquisition of Sea-Pac, net income declined 10%. This year's figure of $497,022 compares with $554,377 one year ago. Earnings per share of 15¢ declined 25% from last year's 20¢ per share.

The reasons why

Chairman Robert Peterson attributed the earnings decline to a combination of poor sales, inventory losses and higher expenses. Second-quarter sales in the Alaska division declined 21%, while falling prices in lumber and plywood reduced gross margins. In addition, the bulk of the noncapitalized expenses associated with the Sea-Pac and G. H. Foster acquisitions were absorbed in the second quarter.

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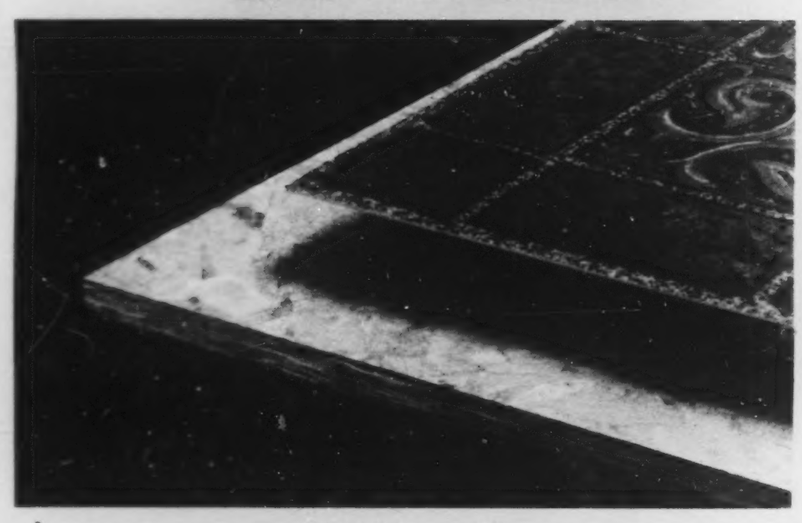

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LUMBER REPORT

Free market will be final arbiter in wood supply/demand equation

By Hawk Furman
Special to NHCN

Deflation in lumber prices should continue as long as production continues at current levels. Production is far surpassing current and anticipated demand. The mills are all aware of the problem of overproduction, but each wants the "other guy" to curtail production. The "other guy" is not curtailing and it will be just a matter of time until the free market forces those in a weak financial position to go out of business. Until this happens do not look for much upward movement in wood product prices.

'The lumber producers are under siege and changes will be forced by the marketplace unless these manufacturers can balance production with anticipated demand.'
—Hawk Furman

Production surging ahead

Congress appears close to helping the United States West Coast lumber producers out of their high priced timber contracts by allowing a buyout of up to 55% of the stumpage under contract. The cost of the buyout will vary for each mill, but should average around $35 to $50 per thousand board feet. This is not too bad considering that coastal Douglas Fir stumpage was bid at $400 per thousand board feet in 1979 and today is bid at $161 per thousand board feet. This legislation will certainly be good news to the mills but only adds to the deflationary pressure on lumber prices.

There may be more production then reported. The Southern Pine production figures for 1983 have been revised upward from 6.6 billion board feet to 9.9 billion board feet.

Canadian s-p-f manufacturers are beginning to stock inventory again. They may see some magic solution to oversupply. If not, they are headed for double trouble with inventory carrying costs and a lessening return on their product when they are forced to sell their inventory for cash flow.

The mills' position is best summed up by Gerard Griffin, director of corporate communications at Louisiana-Pacific. He said in a speech before the Western Business Outlook Conference, "In a nutshell, all the industry is doing is turning over dollars for the benefit of the consumer . . . to the detriment of employees and stockholders."

Demand

Demand for lumber and panelboard products remains excellent as housing and the renovation markets continue to prosper. There is a lessening of demand from spring levels due to higher interest rates and seasonality. According to the Western Wood Products Association, the volume of lumber for housing starts is expected to dip in 1985 and will not recover its 1984 volume until 1987.

The National Council of Remodelers of the National Association of Home Builders reports remodeling spending at $55 billion in 1984, up from $49.3 billion in 1983. New markets are being developed for wood products through aggressive and innovative programs developed by producer associations like the Western Wood Products Association, American Plywood Association and the Southern Forest Products Association. These programs will increase demand in the future but programs like these take time to develop.

Interest rates

There does not appear to be any magic in interest rates; they are basically going nowhere. There are two camps of thought equally balanced on both sides, with one predicting higher rates and the other predicting lower rates. They both have good arguments. Mortgage rates (fixed) are at 14.2%, up from 13.65% at the same time in 1983. J. Timothy Howard, chief economist of the Federal National Mortgage Association, recently stated, "Unless the economy stumbles or doesn't borrow back in the fourth quarter, I wouldn't expect to see market rates go lower.

Industry changes coming

The retailers' dream, today a reality, of an oversupply of wood products and depressed lumber prices during an excellent demand cycle for homebuilding and remodeling cannot last forever. The lumber producers are under siege and changes will be forced by the marketplace unless these manufacturers can balance production with anticipated demand. History has shown this is unlikely to happen. Therefore we will lose producers and see further consolidation. Boise Cascade has 10 mills up for sale and Crown-Zellerbach is selling facilities and so it goes. Today, the 100 largest firms in the lumber industry control two-thirds of the production, which is up from 45% in 1971. Many viable mills today will die a slow death as we correct the supply/demand relationship. Eventually the number of firms producing will be smaller in number and stronger and sanity will return to lumber prices.

Hawk Furman is president, Furman Lumber, Boston.

Merc. Exchange volume balks as traders speculate on Cubs

CHICAGO — The Chicago Mercantile Exchange proved no match for the fervor whipped up by the Cubs' drive for the National League pennant last month. Many traders elected to play hooky, trading bets on Cubs' fortunes instead of commodities futures.

According to *Random Length's*, a lumber and plywood market reporting service publication, "The futures market was very thin, with trading volumes barely reaching half of normal levels. Many brokers and floor traders left the pits to watch the Chicago Cubs' playoff games."

With a strong Cubs' team returning to contend for the pennant, a similar volume slump could take place next year. The question that remains is, will the addition of lights at the Cubs' Wrigley Field, baseballs' last daytime only park, keep traders and brokers in the pits next fall? Only time will tell.

FUTURES

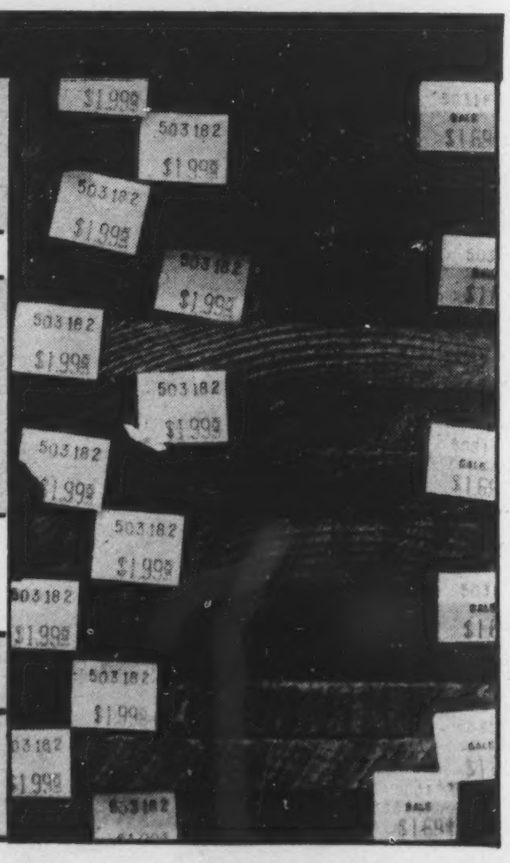
Two weeks ended Oct. 11, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Nov. '84	129.80	124.00	127.20	126.40	3,312	229.00	120.30
Jan. '85	139.70	134.60	137.80	136.30	2,483	221.30	130.30
March	150.40	145.70	148.10	146.90	1,024	220.40	139.30
May	159.00	154.00	155.80	156.50	292	225.00	147.00
July	166.40	163.00	164.50	164.50	308	230.50	153.00
Sept.	170.30	167.00	168.00	168.40	204	197.50	157.50
Nov.	171.50	169.00	169.00	170.80	88	186.10	167.30

Total Contract Vol. (Through 10/11): 16,008 — Previous Two Weeks: 23,735
Total Open Interest (As of 10/11): 7,733 — Previous Week: 7,720
Cash Price: $131.32 — Previous Week: $136.22 — Year Ago: $167.58

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	253.9	253.4	271.1

CME—Chicago Mercantile Exchange
*Figures for Thursday, Oct. 11.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.



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Number of home center, hardware, specialty chains selling the following product lines:

Product	1984	1983	Product	1984	1983
Hardware	5,219	6,036	Seeds, fertilizers, chemicals	524	607
Lumber/millwork	4,935	5,666	Auto replacement parts	359	373
Paneling/plywood	4,813	5,420	Auto access./customizing parts	359	137
Paint	3,996	4,429	Auto electrical	353	242
Wall coverings	3,967	4,193	Sporting goods	348	401
Electrical supplies	3,327	3,657	Home decor	274	258
Lawn & garden supplies	2,508	2,787	Household chemicals	258	198
Floor coverings	2,231	2,538	Bicycles/wheel goods	184	223
Power tools	2,231	2,431	Outdoor power equipment	163	187
Plumbing equipment	2,031	2,051	Auto audio/electronic	161	137
Masonry/siding/insulation	1,986	2,160	Unfinished furniture	128	139
Housewares	1,440	1,631	Pet supplies	116	138
Cabinets/vanities	1,403	1,570	Radio	116	85
Heating equipment	1,044	971	Seasonals	107	127
Auto oil/lubricants/chemicals	967	725	Work clothing	100	126
Fireplaces/stoves	928	1,072	Live nursery	73	78
DIY books	880	944	Stereo	73	51
Auto cleaning prod. & access.	855	647	RV equipment & supplies	71	36
Cooling/air equipment	825	725	TVs	61	23
Auto paints & polishes	788	542	Mechanized farm equip.	59	57
Farm supplies	731	747	Hobbies/crafts	58	52
Barbecue equipment	702	745	Video games	42	41
Lawn furniture	589	NL	Marine equip./supplies	28	32
Small appliances	572	669	Personal computers	9	26
Major appliances	558	602			

NL = not listed

Source: *Chain Store Guide*, 1983 and 1984

Five thousand two hundred and nineteen home center, hardware and specialty chains carried hardware this year, a slight decrease from 1983. Lumber/millwork can be found in 4,935 stores, paneling/plywood in 4,813, paint in 3,996 and wall coverings in 3,967 of these outlets.

4,029 firms own 11,509 home centers; warehouse stores increase: new guide

NEW YORK — An estimated 18 companies operate 104 home center warehouse stores in the United States, according to *Chain Store Guide*, a publisher of retail business directories, in its 1984 "Home Center Operators and Hardware Chains" directory. Last year, the directory listed three firms operating 17 home center warehouses.

In addition, 4,029 companies, with sales of $1 million or more, operate 11,509 traditional-style home improvement outlets and another 1,543 firms, doing at least $1 million in volume and classified as lumber/building material stores, operate 2,525 units.

Chain Store Guide defines a home center as a store engaged in the selling of wood products as well as hardware and/or other household and furnishing items, with a significant percentage of sales to the do-it-yourself consumer.

A lumber/building material outlet is defined as a store with a significant portion of its sales in lumber, but also selling hardware and/or other building materials. The firms sell predominantly to builders.

The home center warehouse is classified as a store similar in product mix to a home center, with a majority of its sales to the DIYer. Store square footage is usually in the 70,000 to 100,000-sq.-ft. range. Compared to a home center, a warehouse store's average turns are higher (five to seven times), the number of stock keeping units greater (25,000 to 40,000 sku's), gross margin lower (25% to 27%) and sales substantially higher ($12 to $15 million annually in a mature outlet).

Overall, the directory lists 6,072 retailers operating 21,503 stores.

The publication identifies 419 hardware chains operating 2,604 stores and 207 paint/home decorating chains operating 4,163 outlets. Also listed are 46 farm and home supply operators with 470 stores and 8 lawn and garden supply chains operating 128 stores. Because many companies operate more than one type of store, the total exceeds the 6,072 retailers listed in the directory.

In addition, the guide lists 23 buying groups that service over 85,000 stores selling home improvement merchandise.

Breaking down the retailers by the number of stores they operate, the directory found 11 companies, with over 200 stores each, that account for 5,971 units. Single-store independent operations total 4,061, while another 2,958 stores are operated by 32 companies that each have between 51 and 200 units.

Of the home center, hardware and specialty paint companies, 5,219 carry hardware, according to the directory, while 4,935 offer lumber and millwork and 4,813 provide paneling and plywood.

Paint can be found in 3,996 companies, wall coverings in 3,967 and electrical supplies in 3,327.

The directory lists 17,989 executives, administrators, merchandisers and buyers. In addition, for the first time, the directory indicates 740 compa-

(Continued on page 44)

Type of retail company*	No. of companies	No. of stores
Home centers	4,029	11,509
Home center warehouses	18	104
Lumber/building materials	1,543	2,525
Hardware	419	2,604
Specialty paint	207	4,163
Farm & home supply	46	470
Lawn & garden supply	8	128
Total	6,270**	21,503

*Companies must generate sales of at least $1 million
**Because many companies operate more than one type of store, total exceeds the 6,072 companies listed in directory

Source: *Chain Store Guide*, Lebhar-Friedman Inc. 1984

The 1984 Home Center Operators and Hardware Chains directory lists over 6,000 companies operating over 21,500 stores.

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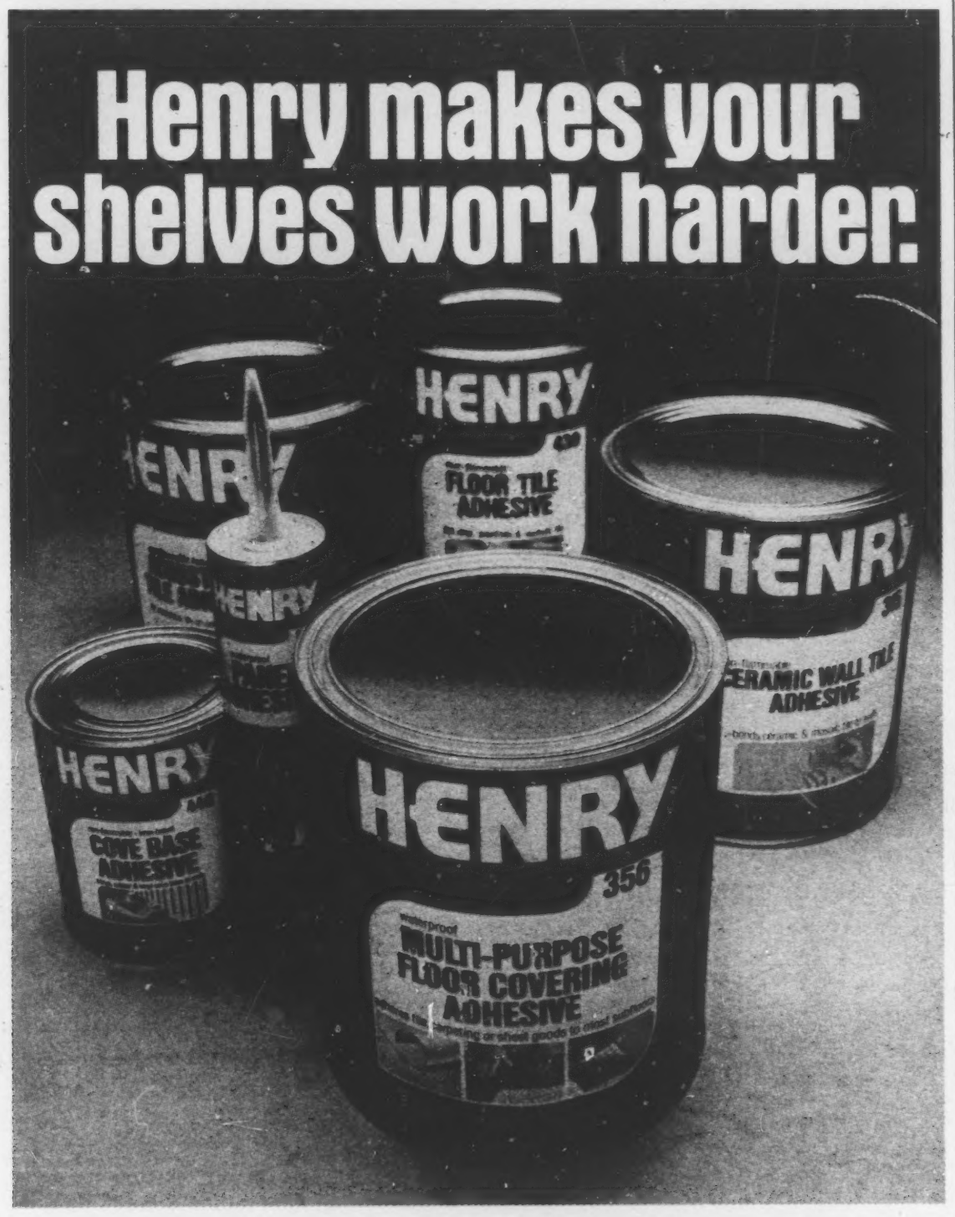

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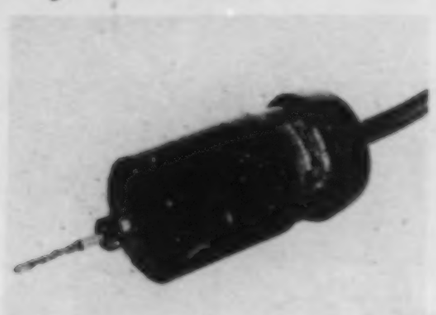
NEW PRODUCTS

Drywall cutout



Porter-Cable's Model 399 Drywall Cutout Unit is designed specifically for making cut-outs for duplex boxes, window openings, and splicing broken drywall. Unit will cut both drywall and paneling, and its 3/16-in. down spiral bit will not tear drywall paper. A compact, lightweight motor makes one-hand control easy. Model has sealed ball bearing construction and is double insulated for added protection.

Available from **Porter-Cable, Jackson, Tenn.** For more information call 901-664-0307.

Inexpensive cut

A new economy model tree pruner and pruning saw from **Snap-Cut, Seymour Smith & Son, Oakville, Conn.**, offers homeowners key performance and design features normally associated with more expensive pruners.

Quality-made in America, the Model 333 telescoping tree pruner features all-fiberglass telescoping poles that easily adjust to any length between 6 ft. and 9 ft.

A multipower dual pulley system, which Snap-Cut originated for higher-priced models, is also included in the Model 333. The unit has up to 1-in. capacity for maximum usage and a 16-in. saw blade for easier cutting of larger limbs.

For additional information call 201-884-2550.

Strong hose

Colorite best quality all-weather garden hose satisfies today's customer demand for value-added products. Heavy-duty characteristics include close-knit tire cord reinforcement, heavy wall construction and excellent burst resistance. Other long-life features are easy coiling in hot or freezing weather, exclusive HozeGard protective collar and heavy-duty octagonal couplings.

Available from **Colorite Plastics, Ridgefield, N.J.**

For more information call 201-884-2550.

Oak seat

A new solid oak toilet seat has been introduced by the **Decor Bathware Division of Franklin Brass, Los Angeles, Calif.**

The seat features golden oak tones compatible with other oak bathroom accessories, also available in the Decor line. It is pre-assembled with solid brass hinges and six plastic bumpers and fits all standard toilet bowls. A durable protective coating preserves the oak and brass.

For additional information call 213-388-2415.

Pegs locks

The versatile peg merchandising system developed by **Schlage Lock, San Francisco,** is being introduced to help retailers get more sku's per square foot and to give merchandise displays a more organized look. Compared to other methods, the new peg merchandising system allows for the display of 20% more product in the same space.

The new peg system can either be used on existing peg boards, or a freestanding L-rack will be supplied by Schlage which allows the retailer to sell locks from anywhere in the store.

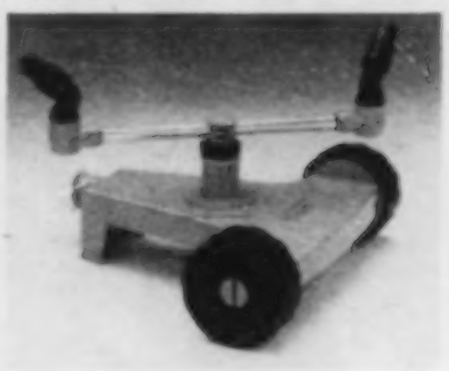
For additional information call 714-545-7950.

Twin jets

Melnor's Model 830 with twin jet nozzles adjusts to watering areas from 5 ft. to 55 ft. in diameter. This versatility enables the user not to waste water in smaller areas and allows the watering of larger areas with the same sprinkler. Saving water means conserving precious natural resources while saving money.

The Model 830 has precision nozzles that adjust from a mist, to medium, to jet stream or will shut off completely.

Available from **Melnor, Moonachie, N.J.** For more information call 201-641-5000.



Without air

The Airless Jackhammer, a new manually operated tool that produces a striking force of up to 5,000 lb. has been introduced by **Sylvax, New York.** It eliminates the need for a compressed air source and does not require a skilled operator for a variety of jobs.

For more information call 212-867-5005.

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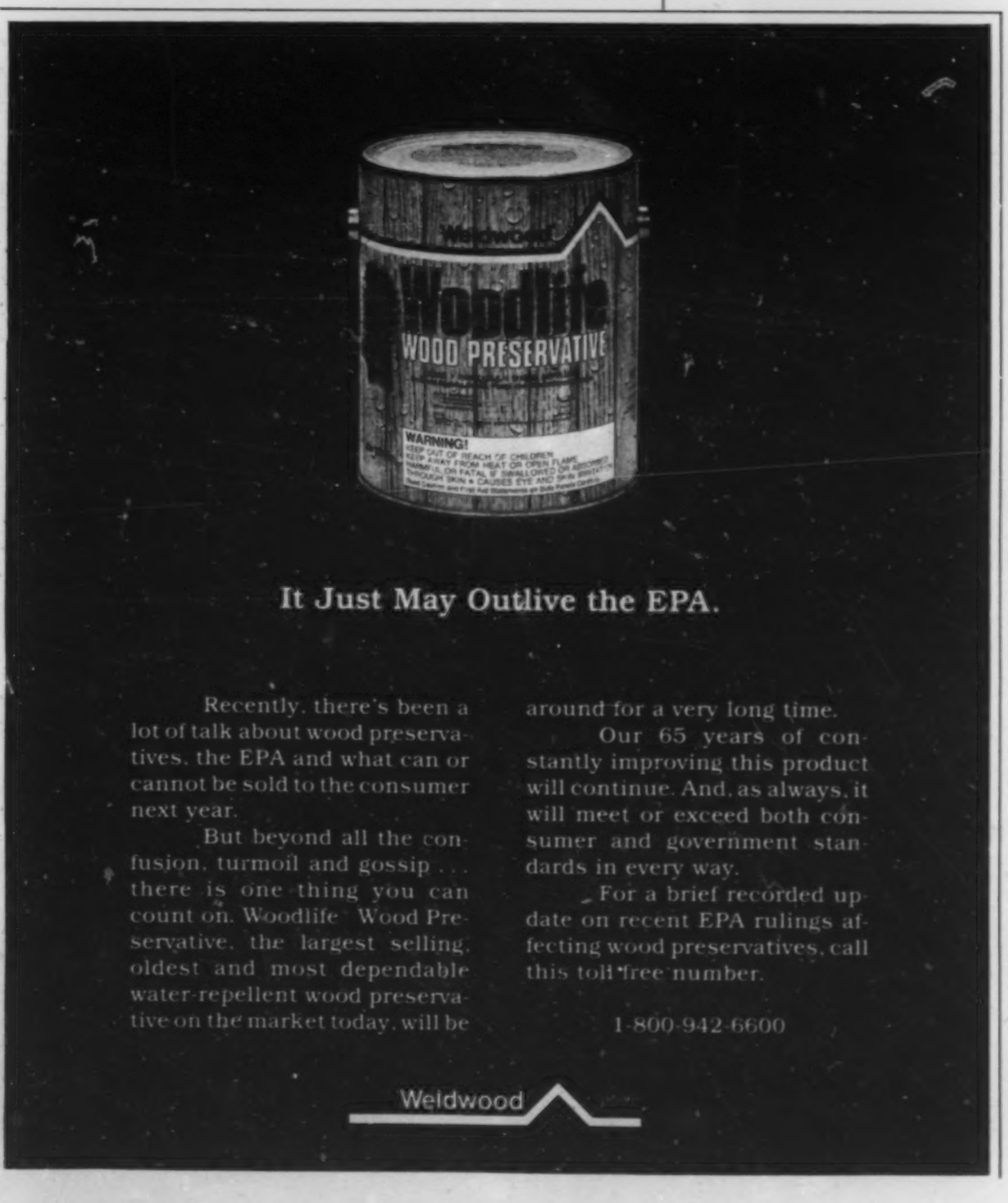
For information, east of the Mississippi River, call 1-912-896-2557; in Georgia, toll-free 1-800-342-3901; or, excluding the Northeast, 1-800-841-3931. West of the Mississippi, call 1-503-884-1450; or toll-free, except Oregon, 1-800-547-1793.



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Recently, there's been a lot of talk about wood preservatives, the EPA and what can or cannot be sold to the consumer next year.

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For a brief recorded update on recent EPA rulings affecting wood preservatives, call this toll-free number.

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WRITE FOR LITERATURE

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New guide takes census of home center industry

(Continued from page 42)

nies utilizing point-of-sale equipment. The hardware brand name, number of stores with equipment and total number of installations is reported.

The guide reports on companies doing an estimated $39.6 billion in sales—about 75% of an estimated total 1983 industry revenue of $52.8 billion. The directory estimates that single-store independents have 27% of the total home center, hardware and specialty home improvement market, while 201-unit or more companies comprise 17.3% of that market.

Chain Store Guide is a subsidiary of Lebhar-Friedman Inc., which also publishes *National Home Center News*. Its directory is available for $155 by writing *Chain Store Guide*, 425 Park Ave., New York, N.Y. 10022.

Western Home Center Show issue
• Garage doors & openers on upswing—p[illegible]

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National
Home Center News®

Vol. 10, No. 24 | The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. | Nov. 19, 1984

Depot buys Bowater for $40 mil.

Gains Dallas-Fort Worth foothold; Bowater bows out after 14 months

By Kenneth Schept

DALLAS — The Home Depot expects to take possession of Bowater Home Centers' nine stores by late this month or early in December, following the Oct. 30 contract signing in which Home Depot agreed to purchase Bowater for $40 million in cash and a convertible subordinated debenture.

The six stores in Dallas, one each in Baton Rouge and Shreveport, La., and another in Mobile, Ala., should be converted to Home Depots in name and format within 90 days, according to Ronald Brill, Home Depot senior vp.

For Home Depot, the pioneer warehouse home center chain now in its fifth year, the Bowater deal was a swift, opportunistic move in which it obtained real estate in one of the industry's most heavily stored markets, Greater Dallas, where the competitors include 17 Handy Dans and 13 Payless Cashways outlets.

Brill also confirmed that Home Depot has broken ground in two Houston locations and owns two more sites in that Texas city.

In contrast, for Bowater the transaction represented the end of a brief, 14-month foray into the warehouse home center business. Some observers interpreted the event as the opening act of the inevitable consolidation of the warehouse

(Continued on page 75)

The competition

Chain	No. of units	Chain	No. of units
Bowater	7*	Boise Cascade	8
Handy Dan	17	Sutherland	5
Payless Cashways	13	84 Lumber	2

*Includes one under construction in Forth Worth

Source: NHCN research

Bowater Home Centers president Ralph Dillon and other top execs mounted a futile, effort to buy the company from parent, Bowater Inc.

Vegas chains slash prices to pary warehouse entry

By Brad Altman
NHCN West Coast editor

LAS VEGAS, Nev. — A price war has broken out in this western market as DIY dealers respond to increasing competition spurred by the arrival of the HomeClub discount warehouse home center.

The battle is reminiscent of what occurred in Phoenix late last year when The Home Depot opened a pair of warehouse outlets there. Its efforts to carve out market share provoked a flurry of advertising promotions.

HomeClub landed in Las Vegas in late May, taking over a 100,000-sq.-ft. ex-Woolco. Its high volume, low margin formula is being aggressively challenged by other DIY dealers not willing to surrender market share without a fight.

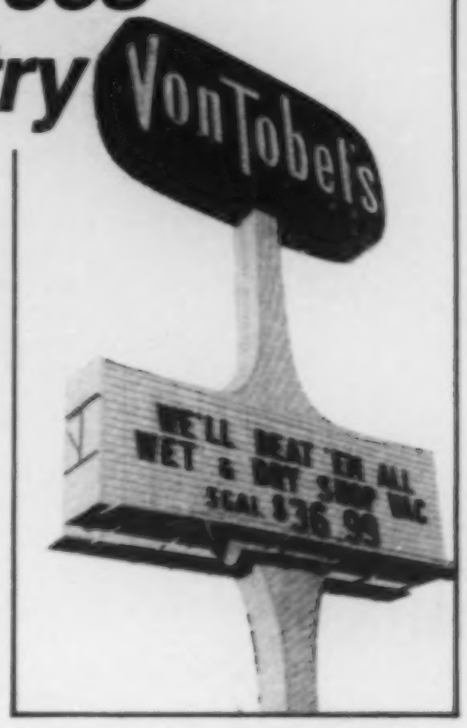
These DIY chains include Pay 'n Save-owned Von Tobel's, with three units in the area; Pay 'N Pak, with one; Ole's Home Centers, three; Payless Cashways, two, and 84 Lumber, two. Salt Lake City-based Samon's DIY Centers operates two stores, Wickes Lumber runs one yard in nearby Henderson and A. C. Houston has a contractor-oriented yard.

According to Sales & Marketing Management 1984 Survey of Buying Power, Las Vegas, which currently has a population of 530,000, ranks 67th nationally in building material and hardware store sales with $169.1 million.

HomeClub president Robert McNulty has said he expects his store to pull some $12 million out of the market during the outlet's first year. Other local retailers, however, don't believe that HomeClub's chunk of the market pie will be that big.

"If HomeClub did $4 million [at its Charleston Boulevard location], I would be surprised," said one competitor. "They

(Continued on page 75)



Von Tobel's, undergoing a sweeping format change, pledges to have the lowest prices in Las Vegas. NHCN photo

Mr. HOW firms sites for 10 more stores

By Phillip M. Perry
NHCN associate editor

MARGATE, Fla. — Mr. HOW Warehouse has signed leases for store sites in 10 new locations, as part of an accelerated drive to create a warehouse home center chain that extends beyond its Florida and Georgia markets, where it currently operates three stores. The new sites include four in Cincinnati, five in Chicago and one in Reynoldsburg, Ohio, a Columbus suburb.

In a separate development, the company has filled its gmm position, vacated in September when Bill Dorf resigned, with Jack Kopkin, who held the same position at Grossman's Warehouse Division, Calif.

When added to the 11 sites for which leases were signed earlier this year, the new locations should bring the company's store count to 24 by next summer, if openings proceed on schedule. The company currently has two stores near Fort Lauderdale, Fla. (Coconut Beach, Plantation), and one in Augusta, Ga. Nine more are expected to open by year's end.

"Our goal is to do $1 billion in sales as fast as we possibly can," said Pat Sher, president of the

(Continued on page 76)

NEWSBREAKS

GRACE WAREHOUSE SET. W. R. Grace's first warehouse store is set for Lynnhaven, Va., near Virginia Beach, in a converted 103,000-sq.-ft. Woolco.

BERG JOINS DEPOT. Bruce Berg has joined The Home Depot as a merchandising vp, from Wickes Lumber where he was vp.

INSIDE:

J. PETER GRACE expects W. R. Grace home centers to bounce back from disappointing third-quarter results ..... **Page 2**
COTTER AND ACE, two of the largest wholesale hardware cooperatives, take steps to make their smaller dealers more competitive. Separate stories 3
WICKES EUROPE is testing its English "concept" stores on the European continent 4
HACIENDA HOME CENTERS prepares to tackle the Albuquerque, N.M., market 15
NATIONAL LUMBER shifts its expansion plans into high gear 18
BUILDERS SQUARE adapts its Sunbelt roots to the Chicago market 43

Sanford Sigoloff: No easy road to success **Page 15**

Debut of HomeClub's sixth outlet last month in San Bernardino, Calif., puts year-old chain en route to $70M sales year. **Page 26**

Britain's DIY retailers **Pages 58-74**

NHCNews Briefs

Industry Update

Wickes closes seven stores

CHICAGO — Wickes Lumber has closed seven stores that were either unprofitable or were shuttered due to lease-related problems, company officials said.

The stores were in Columbus, Ohio; Essexville, Mich.; Paducah, Ky.; Schererville, Ind.; Grand Junction, Colo., and Napa and Mammoth Lakes, Calif.

Wickes Lumber now has 220 stores. This year the chain has opened four new stores in Crystal Beach, Tex., Bullhead City, Ariz., Henderson, Nev., and Roseville, Calif.

Hal Smith fills vp slot at BE

IRVINE, Calif. — Builders Emporium, shaken by several top management departures in recent months, has named Hal Smith to the newly created post of executive vice president.

Hal Smith

Smith, 33, formerly was president and ceo of Homeowners DIY Centers, a five-unit chain based in Gardena, Calif.

Sanford C. Sigoloff, chief executive of Wickes, BE's parent, said that recruiting for the BE president's slot and other vacant executive positions is continuing. He said, however, that because of Smith's "extensive home center background," BE is now considering hiring someone from outside the industry to be its president.

The executive-suite exodus at 59-unit BE began in late July with the early retirement of BE's president, Tony Swies (*NHCN*, Nov. 5). The most recent executive to depart was Don Wichman, vp-marketing & advertising, who resigned Oct. 16.

Homecrafters slates new whses

DENVER — Homecrafters Centers plans to open its fourth warehouse home center here in the southwest suburb of Lakeswood in the spring, and has slated a fifth store opening in an as yet undetermined location for the end of 1985.

It has previously been reported that Homecrafters' third warehouse unit here would open next spring in the southern suburb of Littleton (*NHCN*, Oct. 22). With these and the two stores in Aurora and Westminster it opened earlier this year. Homecrafters will, in effect, encircle metropolitan Denver.

While company chairman Georges Hanzi has previously referred to Denver as "a four store market," Jerry Dick, the company's store manager at the Westminster unit, revealed the chain has already decided on a fifth site, although he declined to identify where it would be.

Dorf: Hello Goodbuys

PHILADELPHIA — Bill Dorf, who recently left Homeowners Warehouse, Margate, Fla., where he was vp-gmm, has just been named senior vp of merchandising for Mr. Goodbuys, the four-store home center chain, based here.

Dorf, 39, told *NHCN* that in his capacity as head of the company's merchandising and advertising staffs, he will develop and broaden the company's hardware, electrical, lighting and paint departments plus hire hardware, lighting and lumber buyers and assistant buyers. This is his "short-term plan to put Mr. Goodbuys on the map as a stronghold in the Northeast," he said.

National Home Center News

Financial News 6
Editorial 8
Washington View 8
People 10
Lumber Report 12
Western Home Center Show Special 15-29
Price Point Survey 32
Calendar 32
Merchandising 33-52
Advertising & Marketing 53-57
International Report: Britain's DIY retailers 58-74
Classified 72-74

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Vol. 10, No. 24 Nov. 19, 1984

Grace touts 1985 recovery after slow third qtr. for home centers

NEW YORK — J. Peter Grace told a group of security analysts last month that 1985 "would be a recovery year" for W. R. Grace's home centers whose sagging performance in the third quarter caused operating income for Grace's Retail Group to drop 43% to $1.6 million.

These results, which were against sales that rose 20.9% to $443.9 million, blemished what otherwise were outstanding sales and earnings gains for the Retail Group over the nine-month period ended Sept. 30, during which revenue rose 16.7% to $1.225 billion, and operating income soared 52.7% to $11.3 million.

Grace told the analyst group on Oct. 18 that "2 out of 4 of our home centers are making money," alluding specifically to its Channel Home Center and Orchard Supply operations.

However, Grace's stores in its Central and Western regions—Handy Dan, Handy City, Houseworks and Angel's —were adversely affected by competitors' more aggressive pricing.

"We had no dominant presence in California," said the company's chairman, a situation he said would change once the company completed the conversion of its Angel's units in the state to Ole's stores. Grace bought the 35-unit Ole's chain, based in Pasadena, Calif., in June. This transitional

(Continued on page 4)

Great Plains Supply in transition; realignment targets large markets

By Ron Gurczynski
NHCN associate editor

ST. PAUL — Great Plains Supply will close an additional 10 stores by the end of fiscal 1985, lowering its total number of DIY lumberyards to 80.

In addition, the $90 million company has realigned its units and top management along retail and contractor lines. The moves are designed to reposition Great Plains Supply into larger markets, while continuing to serve the small farming communities that have been the company's mainstay for the last 21 years.

"While not neglecting the farmers, who make up 30% of our customer base, we are moving away from many of the very small towns," said Jeff Lehmann, Great Plains' newly named director of retailing. "We've found that farmers have become accustomed to traveling distances, to farming trade centers, to buy various goods and services. Our strategy is to locate our lumberyards in larger towns but still serve the same farmers from the small communities."

In August, Lehmann, formerly director of merchandising, and Bob Reisner, former director of operations, were given new responsibilities paralleling the company's dual businesses. Lehmann began directing retail sales and Reisner was named director of contractor sales.

The management and lumberyard realignment came on the heels of a market research study conducted by Harvest States Cooperative, Great Plains' parent. "Harvest looked at each unit's demographics, sales, competitors, and how we did things to come up with a reorganization," added Lehmann.

The Harvest study resulted in the designation of Great Plains' lumberyards as either retail- or contractor-oriented and in the closing of yards in very small communities. Previously, Great Plains had been forced by Harvest to operate lumberyards in communities with as few as 75 or 100 people. All remaining lumberyards, however, will serve both customer groups.

The realignment has brought about gradual shifts in the merchandising and product mix of the lumberyards. For example, in retail yards, Great Plains increased the promotion of retail items; gave products more of a good, better, best orientation, and trained salesmen to sell projects rather than individual items.

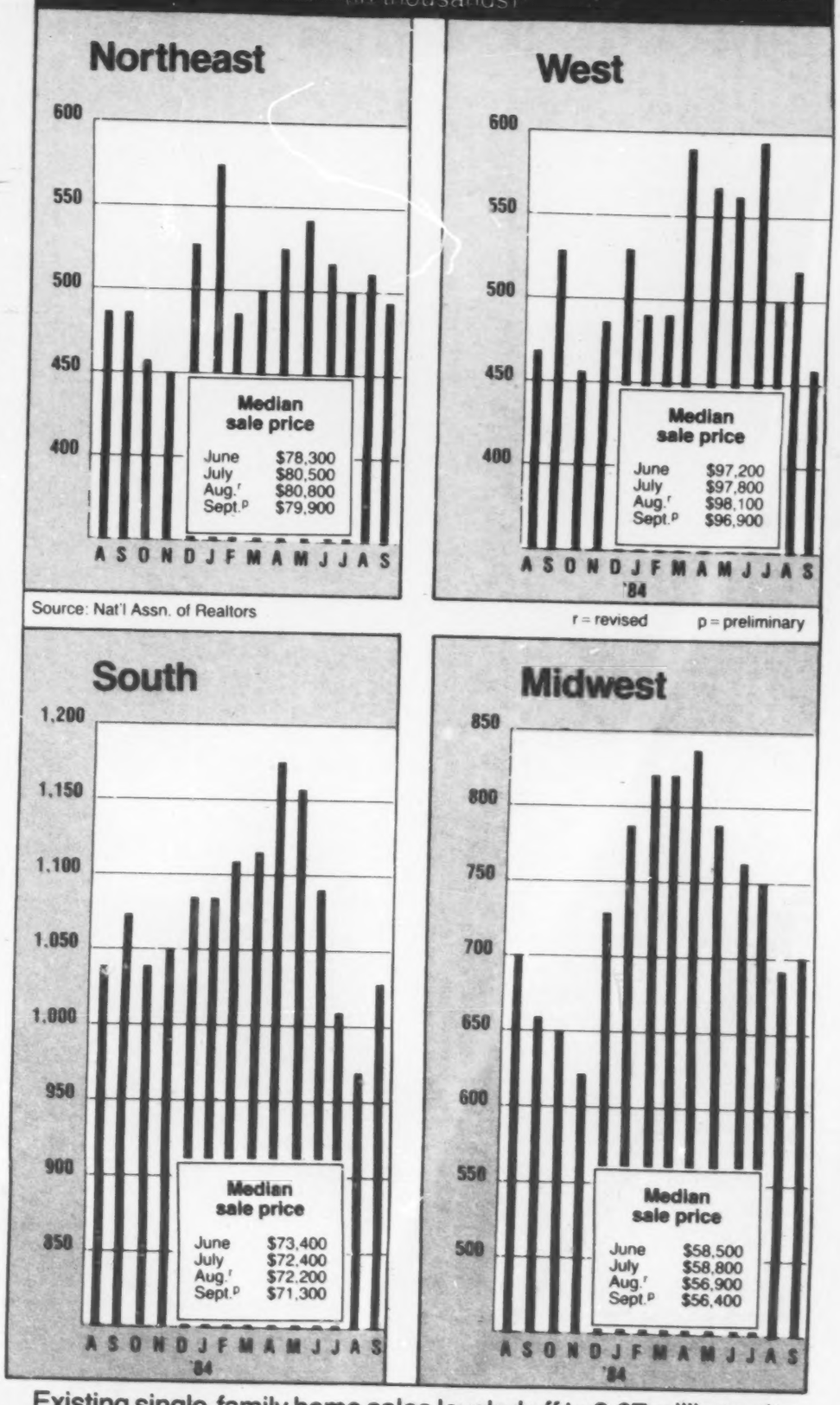
Great Plains' shift toward DIYers began in 1981 when the company decided to renovate its lumberyards to give them a retail focus. By 1983, the company had renovated 40 of its largest lumberyards to small-scale home centers, increasing retail sales as much as 80%. Today, retail sales account for 60% of Great Plains total sales.

The company's thrust into retailing stemmed from declines in the housing and farm markets. Great Plains Supply is owned by Harvest States Cooperative, a 250,000 member farm cooperative organization. Because Great Plains must provide services to co-op members, it had to locate units in farming communities, some of which were very small and could not support a profitable operation. Harvest has been permitting Great Plains to slowly develop strong retail stores in farming trade centers—large rural communities which usually have shipping facilities, farm credit offices, feed mills and farming implement dealers. The firm currently operates a prototype operation of this type in Hutchinson, Minn. The store, which has a 7,000-sq.-ft. sales floor, began operating in March 1982. Lehmann says the prototype has been doing $1.5 million in business over the past year.

Great Plains
© Great Plains Supply Co.

Existing single-family home sales

(in thousands)



Source: Nat'l Assn. of Realtors

r = revised p = preliminary

Existing single-family home sales leveled off to 2.67 million units, seasonally adjusted last month, a decline of just 1.1% from August's revised figure of 2.7 million, according to the National Assn. of Realtors.

The South had a 6.2% increase from August to a seasonally adjusted rate of 1.03 million units, and the Midwest rose by 1.4% to 700,000 units.

The median sales price of an existing single family home dropped $1,100 from August to $72,600, which is normal for the time of year when children return to school and house hunting slows.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Boise Cascade	9/30-3rd qtr.	$ 967,470	$ 905,580	6.8	$32,720	$18,050	81.3
	9/30-9 mos.	2,914,140	2,555,640	14.0	94,120	46,150	103.9
Bowater Inc.	9/30-3rd qtr.	228,052	198,030	15.2	18,202	9,016	101.9
	9/30-9 mos.	695,695	559,356	24.4	42.897	24,794	73.0
Scotty's	9/29-1st qtr.	101,668	95,379	6.6	3,416	3,210	6.4
Wolohan Lumber	9/30-3rd qtr.	41,640	35,122	18.6	1,113	677	64.4
	9/30-9 mos.	103,042	83,937	22.8	1,825	1,138	60.4

*$ in thousands

Source: Company reports

STOCK PRICES

		As of 10/31	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		40	45	32½	11
Edison Bros. Stores (NYSE) [Handyman, Homer's]		35	43⅜	33⅛	8
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		4⅞	13⅜	4¾	—
Forest City (AMEX)	A	20½	21	13¾	—
	B	20⅝	22⅜	13	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		43½	47	36½	11
Home Depot (NYSE)		13⅞	27⅞	12	27
K mart (NYSE)		35⅞	39¼	26¾	9
Lowe's (NYSE)		23	25	16¼	15
Michigan General (AMEX) [Diamond Lumber]		6⅛	10⅞	4⅝	23
Pay 'N Pak (NYSE)		15¾	20	12¾	13
Payless Cashways (NYSE) [Furrow]		15⅝	27	13½	13
Scotty's (NYSE)		14¼	16⅜	11⅜	10
Southwest Forest Industries (NYSE) [Knox Lumber]		15⅝	22½	12¼	—
Standard Brands Paint (NYSE)		18⅞	23¾	16½	11

Nasdaq—over-the-counter stocks

		As of 10/31	52-week High	52-week Low	P/E Ratio
Color Tile		16½	18¼	13⅝	—
Hechinger	A	19¾	24¼	14	—
	B	19¾	24½	14	—
Homecrafters Warehouse		7½	17½	7⅜	—
National Lumber		5	11¾	5	—
Pay 'n Save		22⅞	29¼	14⅜	—

Over-the-counter stocks

	As of 10/31 Bid	As of 10/31 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18½	20	25¼	17
Hines Lumber	43¾	44½	44½	28½
Scotts Seaboard [Scott's]	1¼	1⅞	4	1¾
Wolohan Lumber	5⅜	5⅝	6⅞	4

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FINANCIAL NEWS

Strong sales and additional stores boost Scotty's net 6% in first qtr.

WINTER HAVEN, Fla. — Strong September sales and six additional stores opened within the past 12 months have given Scotty's a 6% increase in net income for the firm's first fiscal quarter ended Sept. 29. The upswing came on 7% higher sales for the quarter.

Quarterly net income amounted to $3,416,000 or 26¢ per share on sales of $101.7 million. For 1983's corresponding period, net income was $3,210,000 or 26¢ per share on sales of $95.4 million.

Senior vice president and cfo Harold Taylor commented that builder sales for the first quarter increased 6.8% over 1984 and this increase represented a maturing of the new construction cycle.

Openings planned

In the first fiscal quarter, Scotty's opened two replacement stores bringing the total number of units to 110. Additional new stores are under construction in Jacksonville, Ocala and Spring Hill, Fla.

Lowe's sales up 19% in Sept., continuing record setting pace

NORTH WILKESBORO, N.C. — Lowe's continued its record-setting sales pace in September with a 19% increase over the previous year's figures. The increase came on the heels of a 21% increase in August sales, which reached their highest monthly level in company history. The September sales also set a monthly record.

September sales totaled $135.3 million. Retail sales increased 23% to $71.1 million with professional sales up 15% to $62.2 million, from year-ago figures. Lowe's attributed dry weather as one factor in the professional sales increase.

FOR THE RECORD

Ideal Security buys storm & screen door hardware company

ST. PAUL — As part of its move to diversify its product mix, Ideal Security Hardware has purchased S. B. Manufacturing, based in Milwaukee, which produced the Storm King line of storm and screen door hardware.

Because of strong consumer identity with the Storm King brand name, Ideal will be keeping that name on those products. However, S. B. Manufacturing will be integrated into the new, 238,000-sq.-ft. plant to which Ideal recently relocated here.

Ideal Security Hardware is a subsidiary of EAC Industries Inc., and makes screen door and storm door hardware, security hardware and other builders' products.

Newell Companies complete purchase of Foley-ASC Inc.

FREEPORT, Ill. — The Newell Companies, a manufacturer of a variety of housewares and DIY products including window furnishings and paint sundries, has completed its acquisition of Foley-ASC Inc., a Manitowoc, Wis.-based maker of cookware, bakeware, kitchen tools and gadgets.

The purchase price was not released by the companies.

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LUMBER REPORT

New program aims at increasing southern pine use to 10.5B ft.

NATIONAL REPORT — The Southern Forest Products Assn. has launched a five-year marketing plan aimed at expanding the consumption of southern pine.

Called "You and Wood," the plan, if successful, will increase southern pine production to 10.5 billion board feet in 1989, from 9.6 billion board feet today.

This goal is expected to be accomplished, despite softening new home construction, by emphasizing the use of pine in permanent wood foundations, engineered systems, outdoor living and repair and remodeling and exports.

One-third of the increase in pine consumption is expected to be generated from outdoor living needs and repair and remodeling alone. By 1990, an additional almost 500 million board feet of pine, worth $112 million, should be produced annually, according to the plan.

Home centers are a primary target here, along with other building material dealers. The SFPA plans to assist dealers in packaging and promoting repair and remodeling projects that use pine.

Currently one-third of syp production is treated with preservatives for use in decks and other backyard structures. The SFPA expects that trend to continue.

(Some companies that produce the chemicals used for treating are expected to emphasize to the home builder the selling advantage of offering a deck as standard equipment with a new home.)

The SFPA plans to remodel a New Orleans house next year using syp abundantly and developing feature stories to be carried by various media.

While less directly related to the home center industry, some dealers may also see potential in the SFPA's plans in other areas, like permanent wood foundations.

The use of treated wood in foundations is gaining increasing acceptance among the nation's builders and building codes. By 1990, the SFPA hopes to have added 280 million board feet of syp consumption annually for this purpose.

Manufactured homes are seen as another likely source of increased syp consumption, since those residences, like more typical housing, can be enhanced with a deck or with other patio structure.

And the commercial market is vast. The SFPA will be promoting the use of syp in roof trusses, laminated beams and bridge timbers, for example. Many home centers are looking more closely at the commercial side of the business and, based on information from the SFPA, for good reason.

The group noted that 200,000 bridges on rural and secondary roads are slated for replacement by the U.S. Department of Transportation. This undertaking translates into a syp market of 48 million board feet of laminated wood and 15 million board feet of solid lumber annually.

The group's five-year-program, revealed last month at the SFPA annual meeting, is coordinated with activities of the Wood Products Promotion Council (WPPC), the umbrella group under which various forest product trade associations join in touting the use of wood.

FUTURES

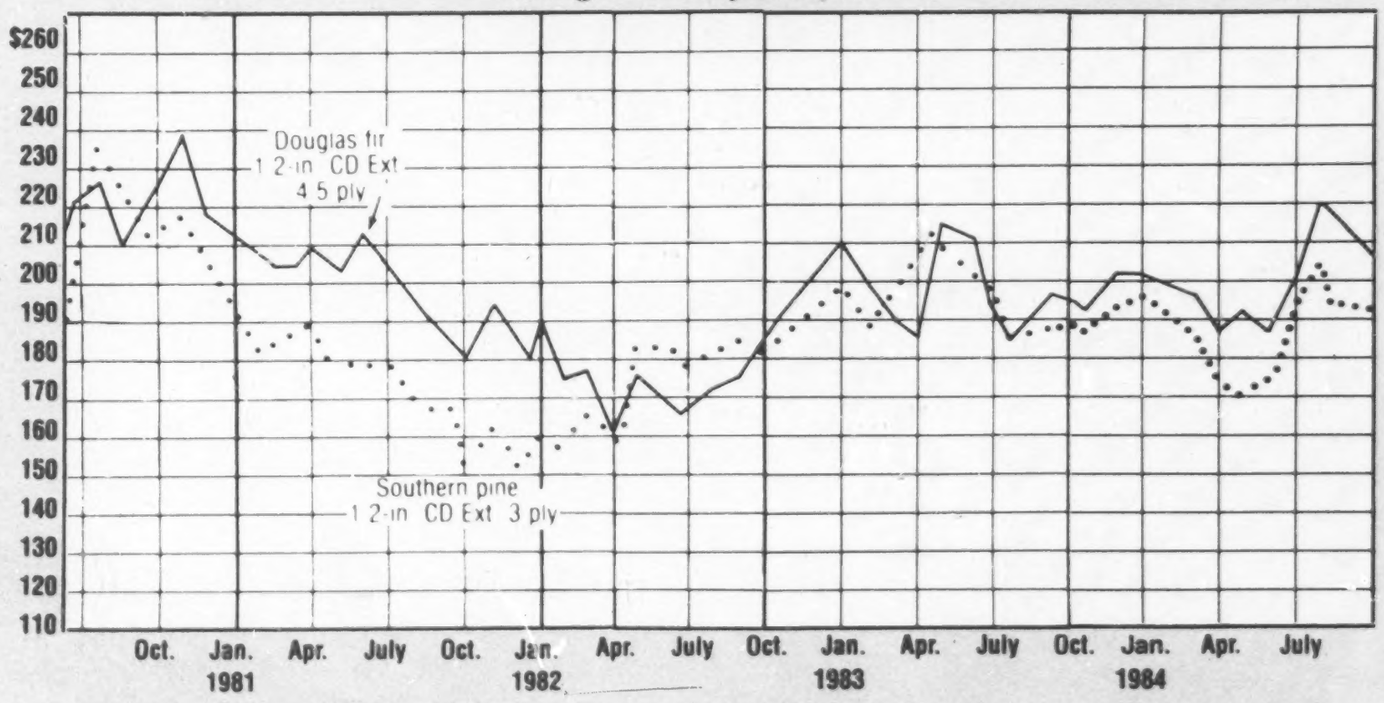
Two weeks ended Oct. 25, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Nov. '84	139.80	132.60	135.20	135.50	2,494	229.00	120.30
Jan. '85	153.50	145.60	147.70	147.80	3,472	221.30	130.30
March	164.50	156.50	159.80	158.10	1,526	220.40	139.30
May	171.30	163.80	167.50	164.00	660	225.00	147.00
July	175.90	169.50	174.20	170.20	512	230.50	153.00
Sept.	177.50	172.50	176.10	172.50	322	197.50	157.50
Nov.	176.70	173.10	176.70	173.00	166	186.10	167.30

Total Contract Vol. (Through 10/25): 26,204 — Previous Two Weeks: 16,008
Total Open Interest (As of 10/25): 9,191 — Previous Week: 8,488
Cash Price: $139.16 — Previous Week: $134.26 — Year Ago: $159.74

Commodity close-up: Western & Southern Plywood

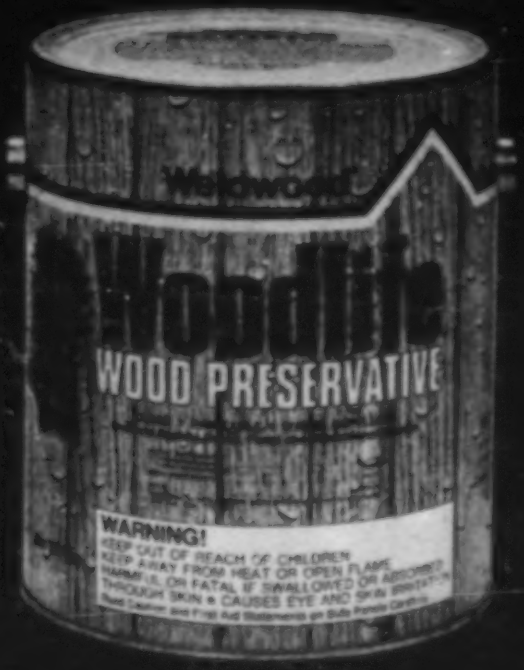
Average monthly mill prices



Plywood prices enjoyed a brief late-summer surge, like the lumber market in general. Lately, however, prices have ebbed.

By last month prices for douglas fir ½ in. CD Ext. 4/5 ply product was $207 per thousand square feet, southern pine ½ in. CD Ext. 3-ply was selling for $193 per thousand square feet.

Source: *Random Lengths*



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Special international report:

Britain's DIY Retailers

British home centers eye Yankee know-how

Chains seek to boost lumber, building mat'ls

By Elizabeth Brent
NHCN field editor

LONDON — When a customer goes into a home center in Britain today to buy paint, he may buy trays of "solid paint," a thick new formulation designed to be dripless but spreadable.

This unusual innovation suggests a central difference between United States and United Kingdom home centers, where 45% of total sales come from decorating products.

Unlike American home centers, which evolved from the lumber side of the business, United Kingdom home centers emerged from the decorative and hardware side. And, decorating remains the main do-it-yourself activity in a country where half of the housing stock was built before 1944, and one-third before 1918.

In spite of the difference in origins, both American and United Kingdom retailers are looking at each other's traditional specialities for ideas.

American retailers, with an eye on the aging United States housing-stock, wonder whether there isn't something to be learned from the way Europeans run their businesses.

In the United Kingdom, as the do-it-yourselfer becomes more ambitious, home center operators are seeking to increase their lumber and building materials sales and are looking to their American counterparts for guidance.

In both countries the home center market is a highly competitive one, although the United Kingdom market is a relatively small $2.6 billion. The English industry is dominated by a handful of major chains that are constantly taking over smaller companies and trying to secure a niche by developing a specialty. The market leaders are 148-unit, B & Q, and Texas Homecare with 134 units.

"We already have competition wherever we are," said Malcolm Parkinson, marketing director of B & Q. "And on our home ground [Southampton], all the leading companies are there—Texas, Homebase and Wickes."

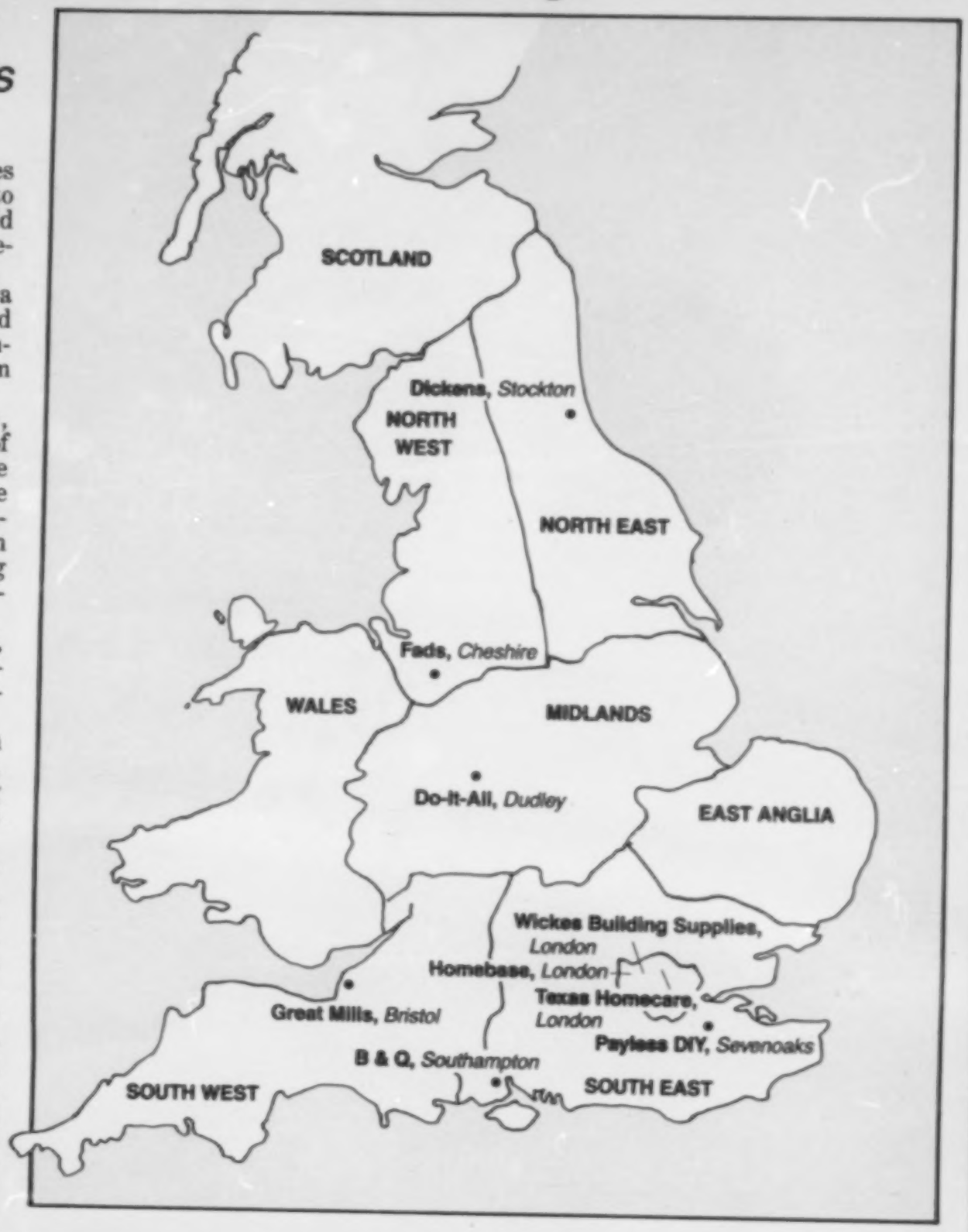
Traditionally, dealers called builders' merchants have been the source of lumber and building materials in England. Until recently they have been geared to the pro trade. However, recently they have opened their doors to the consumer, widened their product mix and are beginning to advertise and remodel their stores.

Additionally, the leading chains are also being challenged by aggressive non-DIY retailers who are entering the field attracted by the higher margins, averaging 30%, and the stability of the home improvement market.

An important new challenger, Homebase, 75% of which is owned by a major supermarket chain, has chosen to open build-to-suit stores. It expanded rapidly from two units in 1982 to its current 20. In an attempt to give a warehouse-type image, it has concrete floors, 8½-ft.-high gondolas and bold, green signage.

But, with a Laura Ashley concession in every store—an up-market dress and decor retailer—the image is confusing.

Another non-DIY retailer has had to cut back to 40 units after making some early mistakes. Do-It-All, which operates 5-and-10 type stores throughout the United Kingdom, entered the home center industry in 1979. It attempted to provide a uniform and pleasing image, but customers saw it as a high-priced store and its average unit sales were only around $1 million. The company is consolidating and sold five stores to B & Q this year.



Unlike American home centers, which evolved from the lumber side of the business, United Kingdom home centers emerged from the decorative and hardware side.

No. of DIY and Home Improvement Outlets in the United Kingdom

	1984 estimate
DIY Wallpaper and paint stores	
Chains	2,000
Independents	7,500
Hardware stores	
Chains	500
Independents	9,000
Stores selling self-assembly furniture	2,000
Grocery supermarkets, superstores & hypermarkets*	1,000
Department stores	800
Variety stores	1,000
Builders merchants	5,000
TOTAL	28,800

*hypermarkets: stores with over 25,000 sq. ft.
**Builders merchants: dealers in lumber and building materials directed mainly toward the professional
Source: Euromonitor

Major companies in United Kingdom's home center industry

Company	1983 sales (in millions)	1984 unit count
B & Q (Retail)	$256.0	148
Texas Homecare	176.8	134
Payless DIY	97.5	59
Fads	71.5	212
Wickes Building Supplies	66.3*	20
Do-It-All	49.4	40
Great Mills DIY Super	39.9*	35
Dickens	22.0	3
Homebase	17.0	18

*estimate
Source: Management Horizons; *National Home Center News*

Although the British home center market is dominated by a few major chains (top chart) that are constantly taking over smaller companies, there is still room in this $2.6 billion market for the convenient local hardware store and the independent.

One United Kingdom home center that has successfully countered its customers' perception of high prices and limited goods is 59-unit Payless DIY, which, following a name-change in 1982 and conversion to a warehouse format, had a 36% increase in sales by 1983.

It calls itself the "home for building materials," has increased its stock keeping units from 13,000 to 24,000, reverted to a low-overhead look, introducing cantilever racking. Payless DIY offers an impressive array of lumber that now comprises 30% of its total sales.

As the United Kingdom do-it-yourselfer becomes more adventurous, several other home centers are looking at possible ways to improve their lumber and building materials departments.

B & Q, which does only 8% of its total sales volume in lumber, compared with its company policy of 17% sales from each department, "will be trying to increase lumber volume to 12% next year through better pricing and display," said Parkinson.

Wickes Building Supplies is a United Kingdom home center company that has successfully overcome the problem of dealing with lumber and building materials and, in fact, specializes in those products. The company now enjoys the highest sales per unit, and per square foot of any English home center chain. Wickes has done this through unique racking and mechanical handling, along with new product development.

While United Kingdom home center operators may sometimes look to the United States for help in merchandising lumber and building materials, there are certain merchandising approaches that are more characteristically English.

The high cost of materials like lumber and bottled beer influence the product mix in home centers, for example. Because much of England's lumber is imported and expensive, there are a variety of wood-substitutes in the "lumber department," like chipboard covered with wood veneer, which is commonly used for shelving, cabinets and doors. The high price of bottled beer has encouraged the DIYers to tackle home brewing and B & Q is, in fact, the third leading seller of beer brewing kits in the country.

United Kingdom home centers also stock a wide variety of RTA furniture and kitchens on which margins are high. Texas is targeted toward the customer remodeling kitchens and bathrooms and has large displays of furniture.

By tradition, the English love their gardens, so it is no surprise that lawn and garden centers are another growth area. B & Q now features 73 outdoor centers and stocks over 8,000 sku's. Wood decks are absent from the English backyard, however, due to the high cost of lumber and the dampness of the United Kingdom's climate, so that paving stones, decorative bricks and cement are the main building materials sold in garden centers.

Also specific to England are certain Government influences that affect home centers. Planning restrictions in England can control what home centers sell, thereby protecting the small retailer. One operation, for example, was not allowed to sell carpet, fresh flowers or auto-accessories because nearby outlets offered those goods.

The Government also exerts a more positive influence on the industry, however, through the United Kingdom's system of home improvement loans. Wickes has taken advantage of this in its development of new products like loose-fill attic insulation. Customers tackling such a project can be reimbursed for part of the cost by their local government.

Builders' merchants will be seriously affected by the introduction last June of a value-added tax on alterations done by professionals. This may well encourage home improvers to tackle major alterations themselves to avoid paying the extra tax.

National Home Center News®

Vol. 10, No. 25 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. Dec. 17, 1984

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CAN LOWE'S HAVE IT BOTH WAYS?

A special National Home Center News report

Can Lowe's have it both ways?
A chain profile—pp. 23-121

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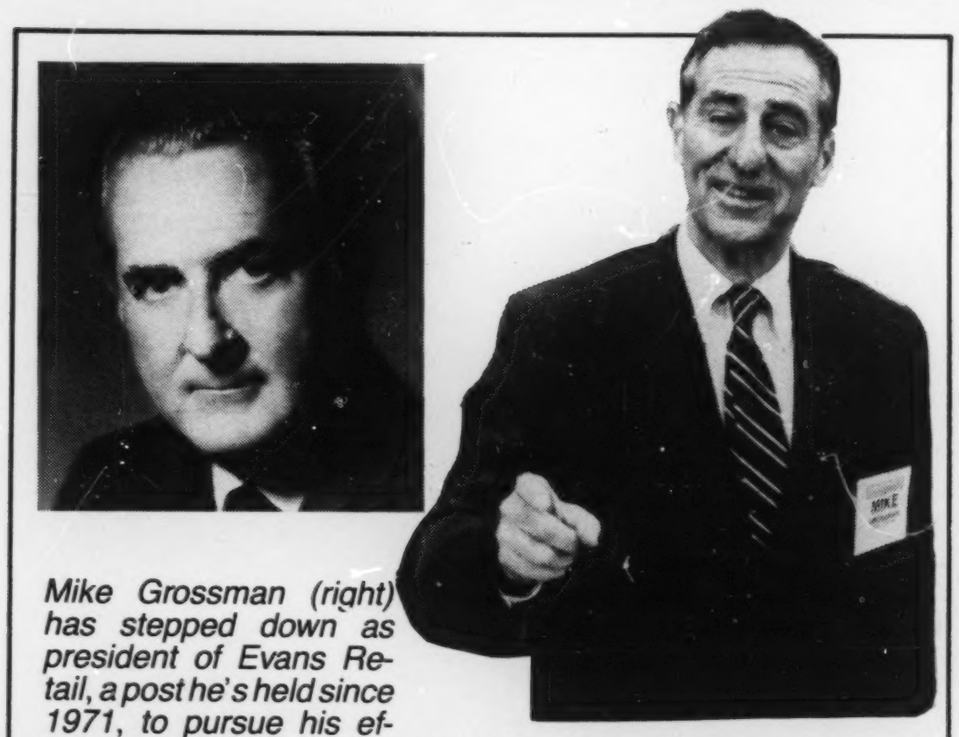

Mike Grossman (right) has stepped down as president of Evans Retail, a post he's held since 1971, to pursue his efforts to purchase the $1 billion division from its parent, Evans Products, and Evans' chairman, millionaire financier Victor Posner (inset).

Grossman resigns top post in bid to buy Evans Retail

By John Caulfield
NHCN senior editor

BRAINTREE, Mass. — Mike Grossman has stepped down as president of the Evans Retail division of Evans Products.

At the behest of the corporation's chairman Victor Posner, Grossman has agreed to take leave of his position while he continues in his attempts to buy back the home center group from its parent company.

In October, Grossman and the investment interests he represents, made what one Evans official said was a "firm offer" to repurchase the 345-unit retail group, whose sales will exceed $1 billion in 1984.

The offer, which was tendered with Evans' bank lenders, was estimated to range between $350 million and $400 million by sources close to the company, although these figures could not be confirmed. Grossman did not return phone messages left with his office, and Donald Glazer, Evans Products' chief operating officer, declined to comment

The Grossman offer comes at a time when the financial travails that have beset Evans Products for more than three years are coming to a climax.

The company is under the gun to meet its debt payment, due Jan. 31, 1985, of $332.5 million in term loans and $100 million owed by its finance subsidiary.

In addition, the company's stock continues to plummet, despite the general good health of the retail division. For the week ended Nov. 30, Evans Products was selling for $3.50 per share, compared to an estimated $20 per share when Posner bought into the company.

Posner, the Miami financier who controls 43.2% of Evans Products, and Glazer met with bankers in New York on Nov. 28 to discuss this problem, "and we agreed that over the next 45

(Continued on page 128)

NEWSBREAKS

ANOTHER LARGE LOWE'S. Lowe's will open a 51,000-sq.-ft. store late next month in North Pensacola, Fla. Located in a former Woolco, it is the second outlet of roughly that size for the chain, whose average store is 12,000 sq. ft.

NEW SEQUOIA CHIEF. Paul Hylbert, a Wickes Cos. senior vp, has been named president of the company's Sequoia Supply wholesale operation. Ernest Warns, current Sequoia president, will become chairman.

INSIDE:

BEAVER LUMBER becomes the first Canadian home center to tout warehouse pricing in its ads . . . . . **Page 2**
NEW FEDERAL AND STATE LAWS combat counterfeit product influx 3
MILLWORKERS UNIONS urge boycott of three Midwest home center chains in L-P strike struggle 3
HARVEY KNELL is named president of W. R. Grace's reshuffled western region 3
WESTERN HOME CENTER SHOW draws lukewarm reactions from retailers and vendors 4
EMPLOYEE PIRACY is cannibalizing the home center industry: **Editorial** 13

Erb, Eclipse launch joint venture to open Cleveland warehouses

By Phillip M. Perry
NHCN associate editor

BIRMINGHAM, Mich. — Erb Lumber and Eclipse Industries entered into a joint venture last month to open and operate warehouse home improvement centers.

The venture, a new company owned in equal portions by the two participants, plans to open up to a half dozen stores in the Cleveland area, if its first unit, a 90,000-sq.-ft. store, scheduled to open on that city's west side in early 1985, proves successful. Although additional markets have not been revealed, the two companies have not ruled out expanding beyond the Cleveland area. A name for the new company was expected to be decided upon by the first week of this month.

"There has been more activity in the warehouse concept," said Erb Lumber president Fred A. Erb, in explaining why the two companies made their move this year. "We see this as a way to get our feet wet and take a look" at how both companies can benefit from the format.

Combining talents with Erb Lumber represented a solution to the challenge of finding financial resources needed to carry out a desired expansion drive by Eclipse, a $30 million chain of seven home centers, based in St. Louis, operating under the name B&B Home Supply.

Last spring, Eclipse hired Wayne Zetzman, former vp of finance at Payless Cashways, for a newly created position of senior vp for finance and administration, with the express mission of developing a long range strategic plan for more rapid expansion with larger units. At the time, the company indicated it needed a way to capitalize its growth plans (*NHCN*, May 21).

Much of the initial funding will come directly from the retained earnings of Erb Lumber,

(Continued on page 126)

Smooth sailing ahead for '85 industry sales expansion

Analysts predict current pause to break loose early next year

NHCN staff roundup
Written by field editor
Laura Liebeck

NATIONAL REPORT — Retailers and industry observers are predicting 1985 will be a relatively good year for home center companies, with sales rising between 8% and 12%.

Industry analysts expect the current pause in the economy to break loose for the 1985 retailing year, spawning growth as falling interest rates stimulate activity allowing money to once again flow through the system.

The slowing economy in the latter part of 1984 produced less growth and retail sales than predicted, especially in contrast to 1983, a boom year. Sales growth for 1985 should be more on course, retailers and industry analysts predict.

New housing starts for the coming year, considered a barometer of activity for the home center economy, are projected to fall to about 1.5 million from 1984's anticipated 1.75 million, the National Assn. of Home Builders reported. But despite the projected slide in new residential construction, both the NAHB and the National Assn. of the Remodeling Industry, a trade group, are predicting strong growth in home fixup.

NAHB is projecting a 7% to 8% increase in 1985 to $65 million. NARI is estimating professional home remodeling to exceed estimated 1984 levels by nearly 21% to $52.1 billion.

The fear of a recession has been lifted, most declare. Barbara Alexander, an analyst with Salomon Brothers, New York, and Robert Simonson, an analyst with Kidder, Peabody Co., New York, both have declared

(Continued on page 128)

Latest figures on building material, hardware and supply store sales show September running 10.4% ahead of a year ago, but 5.4% below August levels.

Four chains show gains; others see 3Q setbacks

NATIONAL REPORT — Third quarter 1984 sales and earnings figures for home center chains show mixed results. Several chains that have been rolling up outstanding performances continue to do so, while others showed losses or earnings declines.

Lowe's and Hechinger are racing toward record sales and earnings for 1984, Home Depot has rebounded from a poor second quarter, and Edward Hines Lumber has shown slight improvement. On the negative side, Homecrafters Warehouse have posted losses for the third quarter and earnings are off at Evans Retail, Erb Lumber and National Lumber & Supply.

Lowe's Companies

Lowe's continues to show impressive sales performance while heading toward record profits for fiscal 1984.

(Continued on page 10)

NHCNews Briefs

Industry Update

Sears to expand small stores

NEW YORK — An executive for Sears told a group of security analysts and retail officials last month that his company would expand its Paint & Hardware specialty store chain to 10 units by the spring of 1985.

Speaking at the 10th Annual Retail Forum conducted here by Walter Loeb, a principal for Morgan Stanley, Sears' executive vp-merchandising Joseph Batogowski said Sears was "very pleased" with the sales from its five existing Paint & Hardware units, and that it planned "to double" that unit count by the spring.

He did not discuss expansion plans beyond this point, and did not identify the new locations for these units, although *NHCN* has learned that Anaheim, Calif., will be one of the sites.

Grace slates whse name

VIRGINIA BEACH, Va. — W. R. Grace will call its new warehouse chain "Home Quarters Warehouse," and plans to have its first two stores opened by the spring.

A 76,000-sq.-ft. former Montgomery Ward unit in Hampton, Va., and a 103,000-sq.-ft. store in Virginia Beach, Va. (*NCHN*, Nov. 19), which has been converted from a Woolco, will serve as the first two "Home Quarters Warehouses," according to Frank Doczi, who is president of Grace's warehouse division.

More sku's at new Scotty's

JACKSONVILLE, Fla. — Not only will consumers see a larger Scotty's store than ever before when the company's new store here opens its doors to business this month, they will see more merchandise and totally new interior and exterior designs.

There will be 15,000 stock keeping units on the shelves, compared to the 10,000 Scotty's stores traditionally held. All departments will have product mix expansions, with the hardware and housewares departments having the largest increases.

Gondola heights will be up and H-frame racking is to be used in the commodities areas. In addition, the 28,000-sq.-ft. air-conditioned showroom is designed so it can expand into the 21,000 sq. ft. of warehouse space, if necessary.

Mr. HOW opens new stores

REYNOLDSBURG, Ohio — Mr. HOW Warehouse opened its largest store to date here Nov. 28. Like the other units in the chain, the 89,000-sq.-ft. store has an attached nursery center of some 10,000 sq. ft.

On Nov. 14, the chain opened a unit in Columbus, Ohio. On Nov. 29, two stores were opened in Langhorn, Pa., and Turnersville, N.J.

The company has targeted Jan. 21, 1985, as the opening date for what will then be its largest unit, a 100,000-sq.-ft. home center in Tampa, Fla.

Cohens sell some Payless stock

SOMERVILLE, Mass. — On Nov. 26, the Cohen family, which operates Somerville Lumber & Supply, sold 30% of its stake in Payless Cashways for $11.7 million. Somerville was purchased by Payless last March. Somerville president Harold Cohen said 750,000 shares were sold.

The Cohens still own 1,750,000 Payless shares that were valued at $27.3 million at the Nov. 26 purchase price of $15.63. The price last March, when the shares were obtained, was $18.75.

"If you were providing for your kids," added Cohen, "would you leave all their eggs in one basket?"

National Home Center News

Financial News 10
Editorial 13
Letters 13
Commentary 14
A View From the Street 14
People 16, 20, 126
Classified 122-125
New Stores 126
Price Point Survey 126

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Vol. 10, No. 25 Dec. 17, 1984

Beaver becomes first Canadian home center to tout whse pricing

TORONTO — The "Warehouse Pricing" promotion shoe has dropped in Canada.

Beaver Lumber, the 175-store Toronto-based chain, now under the direction of John Lacey, declared itself "Canada's first 'Warehouse Priced' home centre," in a new advertising campaign that broke early last month in mainly urban markets.

Lacey, who left a vp-operations post at Loblaws, the 130-unit supermarket chain, to take over as president at Beaver earlier this fall (*NHCN*, Aug. 27), acknowledged the promotion is perhaps more image than substance.

"Prices are fairly much where they were before," he said. Because margins for most Canadian home centers are already at the mid-to-upper-20% range, it is extremely difficult to make a quantum reduction in margins to spur increased volume, the way a number of chains have in the United States. Consequently, converting home centers to warehouse formats doesn't offer the same immediate appeal to retailers in Canada as it does in America, Lacey observed.

Toronto-based Beaver Lumber declared itself "Canada's first warehouse priced home centers" in a new campaign that broke in its urban markets.

Nevertheless, Beaver's strategy is to make a policy statement "from a pricing position," said Lacey, with the hopes that consumers will get a clearer image of Beaver as a price leader.

Lacey, an avid do-it-yourselfer for the past 20 years—"I do a major project a year; my wife calls them sanity projects"—says he is still "getting up to speed" in evaluating the inner workings of Beaver, as well as the marketplace and the competition.

"I'm happy to say I was a Beaver customer before joining the company," he added.

Having taken over the reins from Alan Keyworth, who was promoted to executive vp at Molson Cos., Beaver's parent Oct. 1, Lacey said his top priority is to build Beaver into a consistent company. He sees that both in terms of earnings performance, which until recently has swung up and down, and in the message conveyed to consumers, that Beaver offers "variety at decent prices" and service.

Lacey declined to comment directly on how Beaver was performing this year, except to say that the chain, which posted $471 million (Canadian) in sales and $12 million in net earnings last year, was "right on plan" this year. With the sluggishness of the economy, that meant matching last year's performance.

Economist predicts 10% housing drop

WASHINGTON — The value of residential construction contracts will fall to $98.5 billion in 1985, a 4% decline over 1984's preliminary figure of $102.2 billion, according to the annual Dodge/Sweet construction outlook.

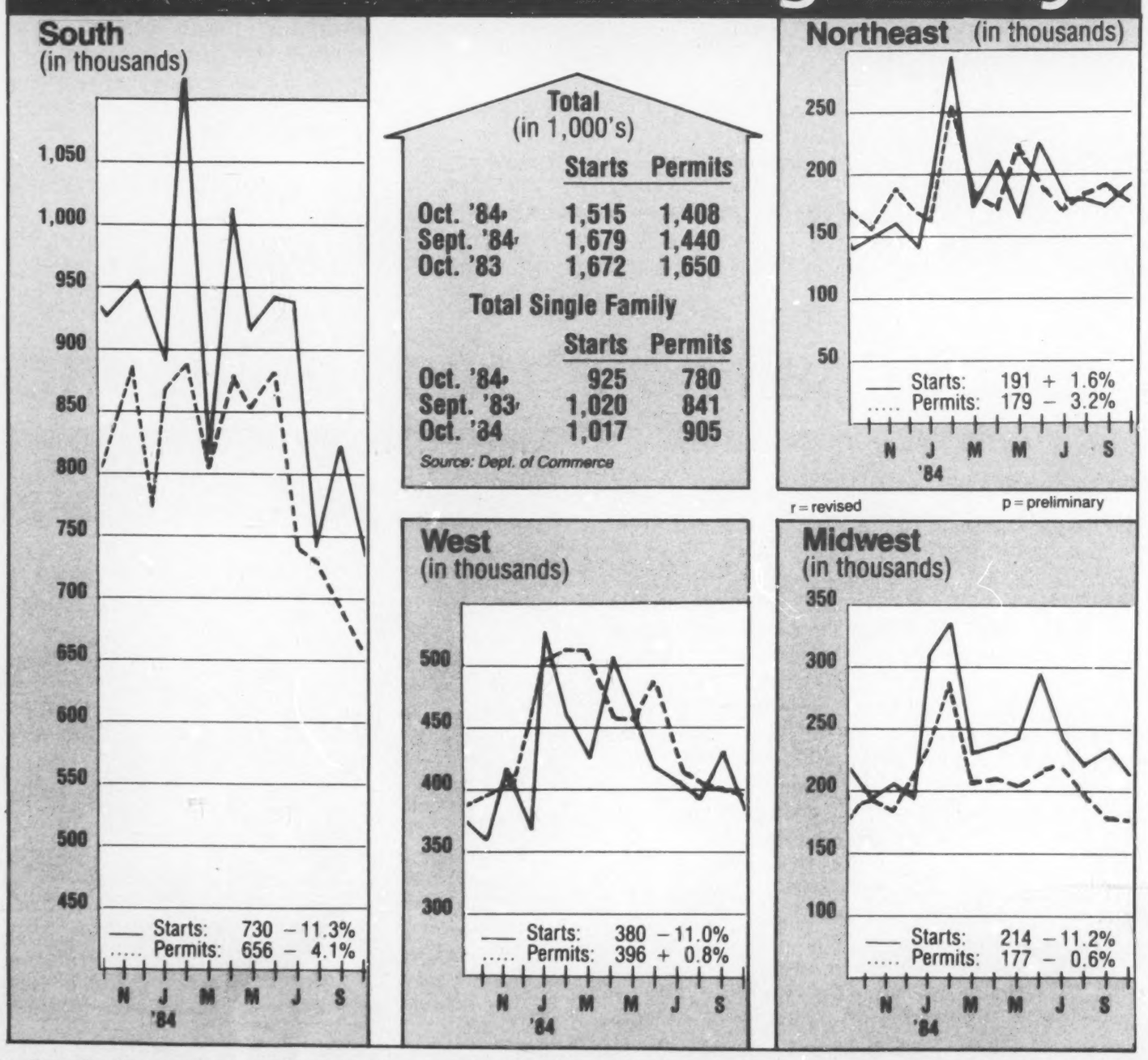
These predictions were given by George Christie, chief economist and vp of McGraw Hill Information Systems at a recent conference here. Housing construction will run at 1.58 million units, seasonally adjusted, for the first quarter of 1985 and reach 1.65 million units by year-end, as declining mortgage rates have an affect, Christie said. This would be the reversal of the 1984 housing cycle which peaked in the first six months and declined in the last half.

Christie predicted a 10% drop in total housing construction and a shift in emphasis back to single-family homes which would account for nearly two-thirds of all housing construction. Multifamily units would decline from their high 1984 level of 760,000 units to 650,000.

This decline would be reflected in all regions, with the largest decrease in multifamily units occurring in the South, an 11% drop, and the West and Midwest falling by 7% and the Northeast by 5%. The total value of multifamily construction contracts would fall from $28.2 billion in 1984 to $25.8 billion in 1985.

Although the value of single-family housing construction would decline overall by 4%, two regions would record slight increases, the Northeast would rise by 2% over 1984 to $8.255 billion and the West by 1% to $17.75 billion.

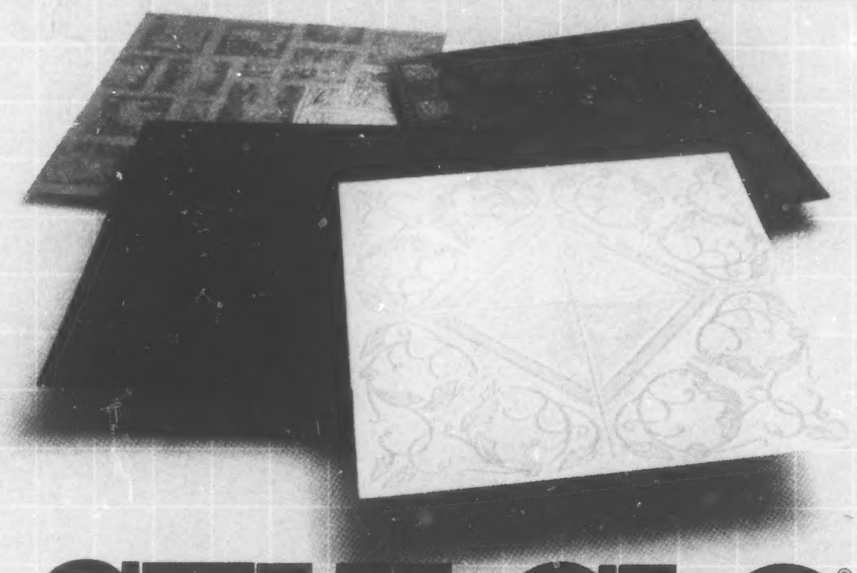
October home-building activity



October's total housing starts slumped to their lowest level since December 1982, with 1.51 million units, seasonally adjusted, a fall of 9.8% from September. Single family starts were down by 9.3% to 925,900 units.

However, the recent drop in mortgage interest rates could well lead to an increase in home-building in the near future.

Total building permits fell by 2.2% over September's figures to a seasonally adjusted figure of 1.40 million, nearly 15% below October 1983 permits.



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West Home Center Show garners mixed reviews

By Brad Altman
West Coast editor

ANAHEIM, Calif. — The second Western Home Center & Building Materials Show held here Nov. 15-17 was a much smaller show than the debut show which drew 7,000 retailers.

This year there were only 350 exhibitors compared with 1983's 500. Only 52,000 sq. ft. of the Anaheim Convention Center was rented, compared with 62,000 sq. ft. a year ago.

Nevertheless, John Berry, director of the trade show division for Vance Publishing Co., the show's sponsor, said a third show has been scheduled next year in Anaheim for Sept. 19-21.

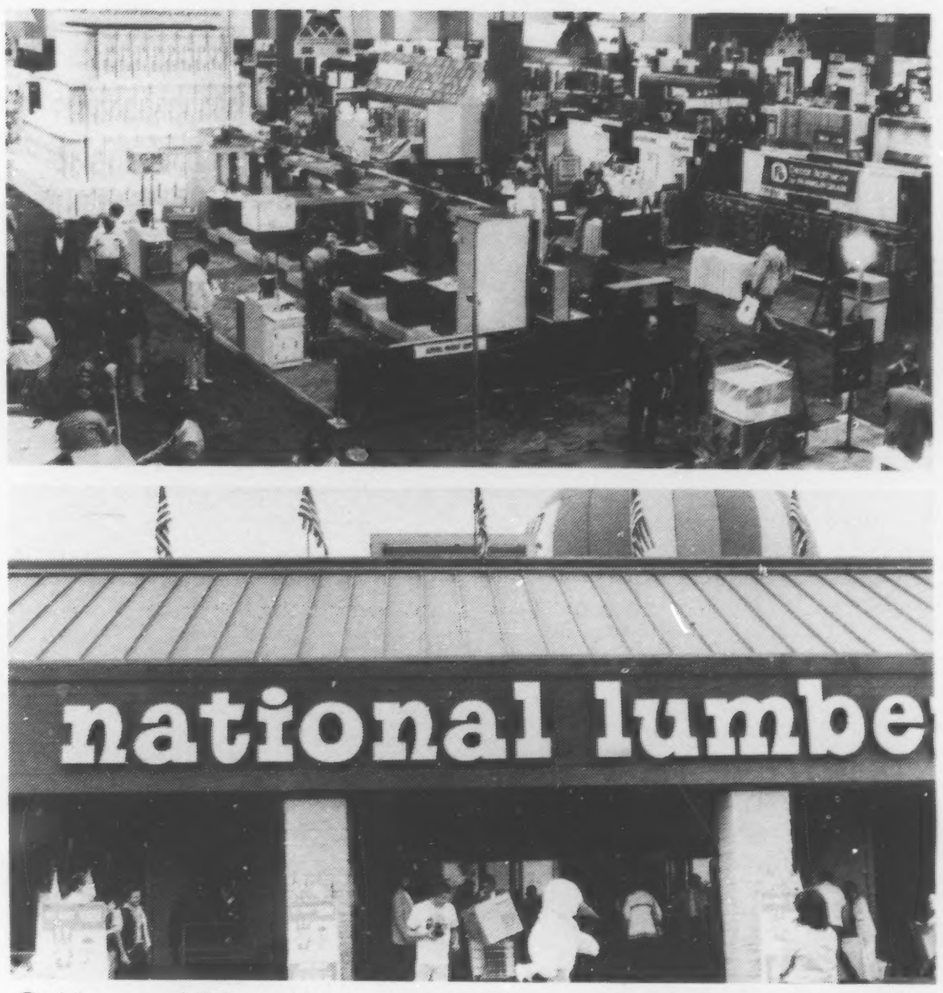
But he added: "If we determine there is no need for the show, then we won't have it. It's up to the exhibitors."

Based on preliminary estimates, attendance at the three-day exhibition "may be up ever slightly more" from 1983's 7,000 attendees, Berry said. Organizers kept the show open until 8 p.m. on opening day and allowed retailers to bring their children on closing day in an effort to boost traffic. (The children were not counted in show attendance estimates, Berry said.)

The complexion of the show was dramatically different this year. Among lumber and millwork exhibitors, for instance, only seven of 27 exhibitors who participated in the 1983 show returned this year. There were 15 first-time exhibitors in this category. Only four of the more than two-dozen 1983 exhibitors of adhesives, caulks and sealants products returned this year. There were six new exhibitors in this category, according to a listing in the show program.

Eric Berman, manager of DIY floors advertising and marketing for Armstrong World Industries, Lancaster, Pa., said retail traffic was not "as good as it should be or could be." But he said the show "is a well-organized local show. . . . We have seen the people we want to see—the principals of chains."

According to Berry, retailers from 13 Western states attended the show, but exhibitors said they were mainly seeing California retail companies. The show drew representatives from most southern California home centers, including Ole's, Builders Emporium, Home-Club, Neiman-Reed's Lumber City, and a myriad of independents including Sackett & Peters. "I'm mainly here to visit old friends," said Rudy Sackett, president of the single-unit independent in Whittier.



Said one exhibitor at last month's Western Home Center Show (top) in Anaheim, Calif.: "More [retailers] are at the National Lumber opening [than here]." National's 15th store debuted in Ontario, Calif., (bottom photo) on Nov. 16. NHCN photos

"I like the show a lot better this year," commented Michael O'Malley of Mallco Lumber/Building Materials, Phoenix. O'Malley, a member of the Western Show's advisory board, said the exhibition had a heavier emphasis on building materials this year.

Leroy Maughan of LePic Systems, Lindon, Utah, said he saw "20 people—decision makers—ready to put a [computer software-hardware] system into their stores. These retailers did $1 million to $3 million in annual sales," Maughan reported. He added: "We've gotten a lot of exposure" for his company's turnkey business automation systems.

At the Ace Hardware Co. booth, Joe Mox, observing the light turnout, said, "it doesn't matter how many cows. It's the milk—and, for Ace, it was high in butterfat content."

Robert Salus, sales vp for Commodore Products, Chatsworth, Calif., said "there is no way you could call it a good show. More people [retailers] are at the National Lumber opening," he added, referring to the grand opening of National's 15th store in Ontario, Calif., on Nov. 16.

According to Vance's Berry, an attempt to offer a "careers day" at the show for new college graduates failed to draw more than a handful of student participants despite advertisements in 15 college newspapers and mailings to placement directors of 175 colleges.

The keynote speech by Sanford C. Sigoloff, chairman of Wickes Cos., focused on the life cycle of industrial nations and the rapid changes occurring as a result of the third industrial revolution, which he said is now in progress.

Sigoloff said that the United States is now facing problems similar to those of troubled companies. "Without a planned regeneration policy, our industry may plunge into stagnation, and our national life cycle may be limited to the all-too-familiar patterns of decline."

Corrections

A recent Price Point Survey (*NHCN*, Nov. 19) incorrectly stated the price of a Paramount PB-150 power blower in a Whippany, N.J., Channel Home Center. The correct price was $39.99.

A typographical error changed the meaning of the last line in "Busy Beaver Breakup" (*NHCN*, Nov. 19). The line should have read, ". . . Lou Massaglia, who was gm of a Busy Beaver distribution center and will now be a vice president at Fagen's company."

During the first six months of 1983, the state of Texas issued 57,146 single-family building permits, compared to 50,332 during the first half of 1984. A misprint in a chart in *NHCN*'s Oct. 22 issue overstated the 1983 first half figure.

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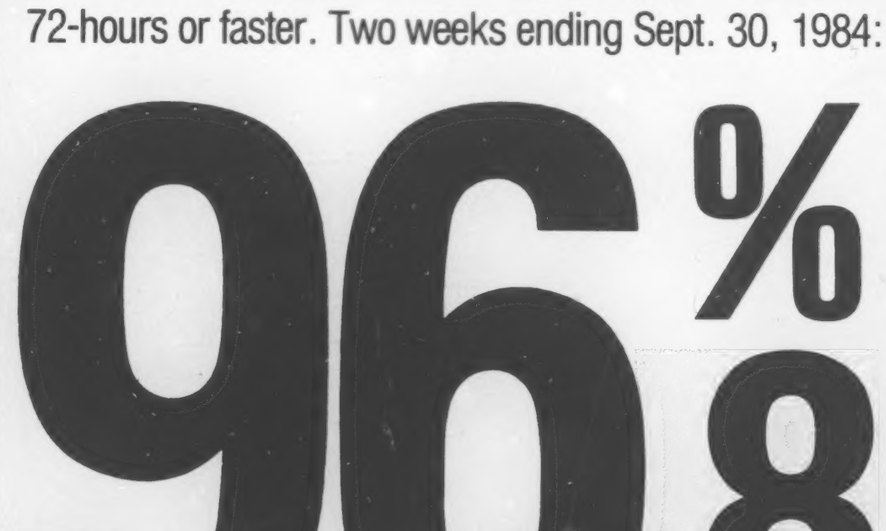

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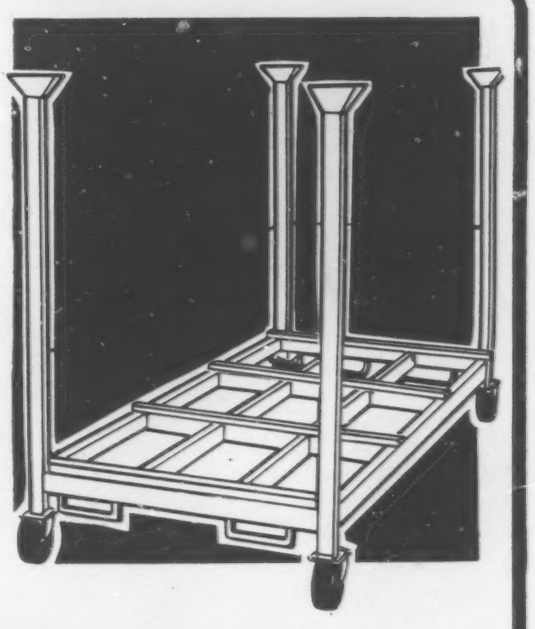

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LOWE'S: FINANCIAL

Solid balance sheet builds fiscal muscle

By Ron Gurczynski
NHCN associate editor

While Lowe's still faces a variety of hurdles as it attempts to develop its retail business, one obstacle facing many expanding home center companies does not appear to be a threat to Lowe's: financing its future.

By many measures, Lowe's has one of the strongest balance sheets in the home center industry, and by some measures, in the retailing field.

The firm should end its fiscal 1984 with $1.7 billion in sales, a 21% increase over 1983's $1.4 billion. According to estimates from Value Line Inc., net earnings after taxes should move from fiscal 1983's $50.6 million to $60 million for fiscal 1984. Sales for fiscal 1985 should approach $2.05 billion with $72 million projected in net earnings.

Even more enthusiastic is Salomon Brothers' Barbara Alexander, who said, "I'm looking for 20% to 30% earnings growth next year. The fact that Lowe's has been adding square footage at the rate of 20% a year with comparable sales gains is pretty aggressive."

Lowe's earnings increase is due in large measure to its success in attracting the retail customer through its RSVP merchandising program. Over the last five years, the growth of Lowe's retail sales has eclipsed that of pro sales. Retail sales have gone from $393.2 million in fiscal 1979 to $723.6 million in fiscal 1983, a compound growth rate of 16.5%, while annual pro sales have dipped somewhat from $511.5 million and then rebounded $706.9 million over the same period, a compound growth rate of only 8.4%.

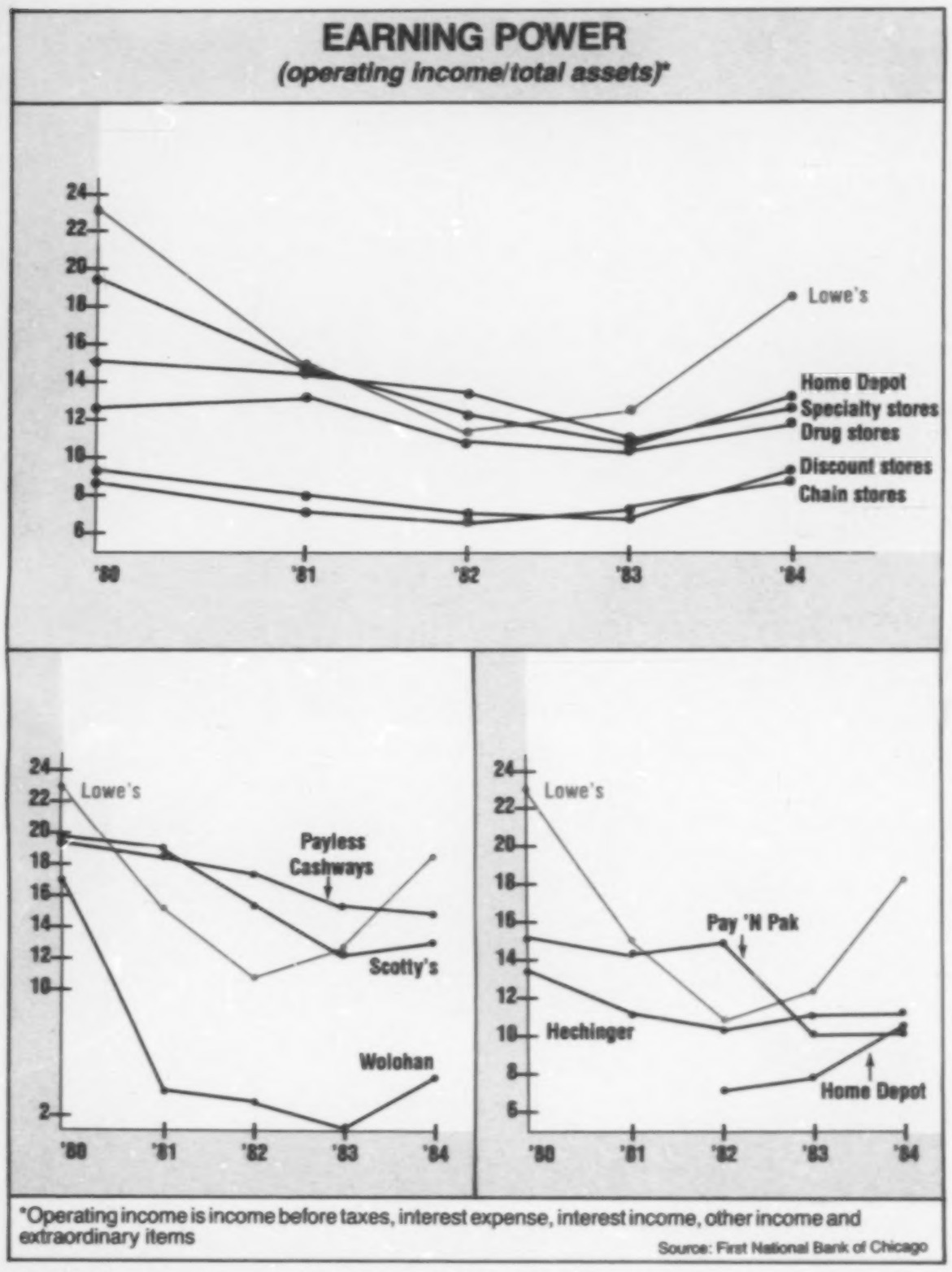
Aetna Variable Fund's John Shay observed, "I see Lowe's as a duckling that is turning more into a swan, becoming more of a retailer. They have been successful in upgrading their format and their image." Aetna Variable Fund is one of the larger institutional investors in Lowe's, holding 509,000 shares.

In comparisons with other home center companies and with different segments of the retail industry, Lowe's puts in a good performance overall. The accompanying graphs, part of a 1984 Statistical Review of the Retailing Industry produced by First National Bank of Chicago, show Lowe's as an outstanding performer in earning power, and Lowe's tops the other firms by small margins in return on common shareholders equity. In net income as a per cent of total sales, Lowe's ranks below The Home Depot, Hechinger and Pay 'N Pak.

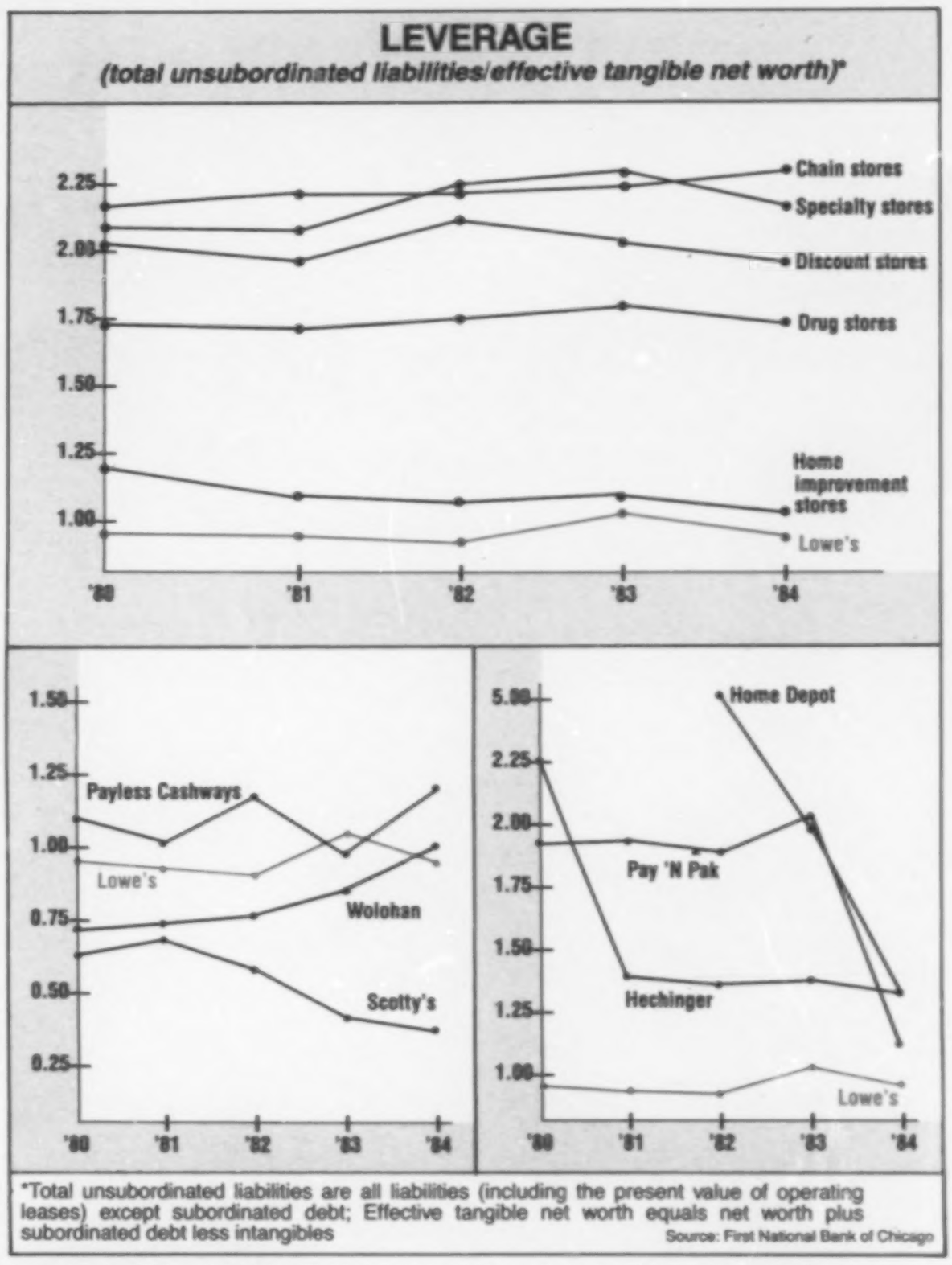
Lowe's does well in a Value Line report on home center companies. It exceeds other home centers in earnings per share and it ties Home Depot for first place in return on equity. As to net profit margins, Lowe's falls in the middle of the category.

Lowe's is likely to be able to finance its future through debt offerings if it so chooses because of its tremendous borrowing reserve. Lowe's was the least leveraged home center company in the

(Continued on page 120)



Lowe's demonstrates its ability to use its assets as it bests the home improvement industry and the selected home improvement stores.



Lowe's conservative financial stance is illustrated by this comparison of leverage ratios.

Crisp asset management supports move to DIY retailing

Lowe's has refined its method of asset management and has taken advantage of favorable funding opportunities over the past four years, since the arrival of corporate cfo Clayton Griffing. It appears the company is well-equipped to financially manage its future growth.

One of several outside experts that Lowe's hired in the initial days of the RSVP retail merchandising program, Griffing was charged with moving Lowe's financially into the realm of DIY retailing. Said Griffing, "When I came on board, my responsibilities were not crisply drawn. Basically, Leonard Herring asked me to reassess the whole family of functions that make up finance." Griffing was well-suited to the task, having served as cfo of Atlantic Steel for several years prior to joining Lowe's.

Griffing and his team keep a close watch on accounts receivable and inventory, two critical assets in retailing. As of the second quarter, which ended July 31, 1984, these two items accounted for 60% of total assets. Griffing is responsible for receivables and he keeps an eye on inventories, the domain of executive vice president J. Ross Burgess.

Inventory, the raw material of profitability, is Lowe's single most important asset and stood at $257 million as of July 31, 1984. Lowe's sales to inventory ratio—total sales divided by average inventory at cost—revealed that inventory turned a vigorous 7.0 times in fiscal 1983, according to Value Line Inc. This compares favorably with Scotty's 5.2, Hechinger's 5.3, and Home Depot's 4.4 performances in 1983. According to estimates by Value Line Inc., Lowe's inventory turn should improve to 7.2 over the next few years, suggesting ever increasing quality of inventory management.

Accounts receivable comes almost entirely from sales to professional builders, since General Electric Credit is responsible for collections on Lowe's credit card program. Lowe's receivables, which amounted to $124 million on July 31, 1984, turn every 43 to 45 days. The accounts receivable loss is a low 1.1%, down from about 1.3% during the last recession, according to Griffing.

Lowe's aggressively manages its cash, earning over $1 million on this asset last year. The majority of Lowe's cash reserve is held in short-term—usually 30 days—CDs and Eurodollars. Electronic funds transfer, which Griffing instituted four years ago, keeps Lowe's cash working as much as possible.

At the close of each business day, all Lowe's stores deposit their total day's receipts into local banks. At the same time, all the stores Telex their total receipts to Lowe's North Wilkesboro headquarters. There, all the receipts are placed on an electronic tape and delivered to Northwestern Bank before 5 o'clock p.m. The tape is run through the automatic clearing house system in the Federal Reserve Building in Charlotte. At this time, Lowe's accounts in all the local banks are debited the amount of the day's receipts and Lowe's main account with Northwestern is credited the same amount. At appropriate times, Griffing and his staff decide whether to place the cash in CDs, Eurodollars, or disburse it for expenses.

Also since Griffing's arrival, the management of fixed assets has been elevated to a place equal in importance with accounts receivable and inventory management. "Fixed asset management has taken on a new positive role at Lowe's. We are now applying capital budgeting techniques, which in the past were only used in industry and heavy manufacturing, but perhaps not in retailing." As an example, Griffing said that Lowe's uses capital budgeting—discounting future cash flow back to the present—in new store planning, placing the store's costs and expected returns in the budget planning process.

Besides keeping a tight rein on its assets, Lowe's has taken advantage of favorable funding opportunities. As Griffing said, "Like a boxer, a well-managed company has to have more than one punch. Last year, we took advantage of a strong equity market. Now, we're going to the debt markets." In early 1983, Lowe's was able to take advantage of a bull market by raising $54 million through a public stock sale. Now, the firm is planning to take advantage of lower interest rates by doing a $40 million private placement of long-term debt.

(Continued on page 121)

When Lowe's needs a detailed analysis as to why a certain store is performing poorly—or, indeed, when it needs a financial investigation in any area—it turns to Edward F. Greene, sr. vp reporting directly to company president Leonard Herring. Greene started as a store manager with Lowe's in 1954. Today, he understands the income figures better than anyone," according to one company official.

Lowe's reaps benefit from investor relations

(Continued from page 119)

of the company through Lowe's Employee Stock Ownership Plan (ESOP).

About 15% of the stock is now held in Europe, where Lowe's introduced the stock in 1981 as a way of increasing its shareholder base.

Carol Ruth, senior vp at Hill and Knowlton, the public relations agency, and chairman of the National Investor Relations Institute, said Lowe's has "one of the most outstanding programs in Europe.

"Companies go to Europe, do a tour and think that's doing investor relations," she said. "It takes a lot more continuity and being available to people. Lowe's has done that very successfully.

The next step for Lowe's, according to Oxford, "is to become a more visible corporate citizen and to work toward enhancing our position not only by sharing information with our investors, but also in Government relations—legislation that can affect our company."

Other industry leaders say Lowe's leadership position in investor relations has favorably affected other home improvement retailers, because it established on Wall Street that the business is a distinct, investment-quality industry.

But why Lowe's goes to such expense and excellence may go even deeper. If the company were located in a major population center and was involved in a glamor industry, perhaps less effort would have been necessary.

For a company that started as a small hardware and discount store business in the foothills of North Carolina's Appalachian mountains, however, just good corporate performance wasn't enough. Getting Wall Street to notice performance required patient, polished and consistent attention.

As Brantley quipped, "It's always assumed by those in New York that, unless it's invented there, it's not any good."

Asset management supports retail biz

(Continued from page 115)

To finance inventory short-term, Lowe's has a $40 million line of credit with several banks led by Northwestern Bank, of which Lowe's president Leonard Herring is a director. An additional $10 million is on standby. Because of the strength of its cash flow, Lowe's hasn't needed to use the credit line for the last several years.

More stores

Other financing options Lowe's has used include leasing, sale-leaseback arrangements and industrial revenue bonds (IRBs). Mostly as a result of takeovers of existing stores, Lowe's currently leases 32% of its units. In the future, however, Lowe's expects to own all of its new stores because of its demand for size and better retail locations. Earlier in the year, Lowe's sold eight stores to the Ohio Teachers Retirement Fund and is leasing them back. Recent tax law changes, however, are making these deals less attractive.

A still promising method of financing is the IRB, which Lowe's has used in the recent past. "We will do an IRB whenever we can," says Griffing, alluding to the attractive interest rates associated with these bonds. The new Lowe's unit in Douglasville, Ga., was financed through an IRB. But large companies like Lowe's are running into challenges to using an IRB brought by small competitors. Says Griffing, "We're trying to do an IRB in West Virginia now. A man from a local lumberyard brought all of his employees and their families to the hearing, where he said that if we got the IRB his people would lose their jobs."

1984 & 1985 projections for selected home center companies

	Sales (in mil.) '84	Sales (in mil.) '85	Profit Margin (Net) '84	Profit Margin (Net) '85	Earnings Per Share '84	Earnings Per Share '85	Return on Equity '84	Return on Equity '85
Lowe's	$1,710	$2,050	3.5%	3.5%	$1.65	$2.00	17.5%	18.0%
Hechinger B	400	520	5.3	5.0	1.15	1.40	17.0	17.5
Home Depot	420	600	3.3	3.2	0.55	0.75	17.5	18.0
Pay N' Pak	305	350	4.1	4.0	1.25	1.40	12.5	12.5
Payless	1,170	1,400	3.3	3.3	1.20	1.40	15.0	15.0
Scotty's	424	485	4.3	4.3	1.39	1.55	12.9	12.5

Source: Value Line Inc.

Notes to financial chts. on Pages 27 & 115

Home improvement stores' average includes Lowe's, Payless Cashways, Scotty's, Hechinger, Pay 'N Pak, Color Tile and Wolohan Lumber for the fiscal years 1980 through 1984. Fiscal years 1982 through 1984 include Home Depot; fiscal years 1980 and 1981 include Erb Lumber.

Specialty stores include such chains as Pic 'n' Save, The Limited, Melville, Charming Shoppes, Miller-Wohl, Edison Bros. and The Gap.

Drug stores include such chains as Longs Drugs, Rite Aid, Hook Drug, Revco D. S., Pay Less NW, Pay 'n Save, Fay's Drug and Walgreen.

Discount stores include Family Dollar, Dollar General, Wal-Mart, SCOA, Zayre, Duckwell, Rose's, S. E. Nichols and Glosser Bros.

Chain stores include Sears, J. C. Penney, K mart, F. W. Woolworth, G. C. Murphy, Montgomery Ward and Household Merchandising.

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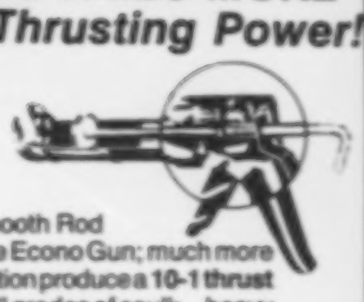

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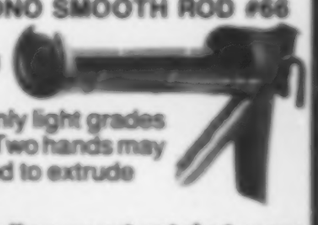

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Smooth sailing seen for 1985 industry growth

(Continued from page 5)

that 1985 will not be a recession year. "This is the pause [in the economy] that refreshes," said Simonson, who in July has predicted 1985 would be a recession year. "Lower interest rates should shortly spur growth."

While most home center executives agree, they are guarded about sounding too confident in the face of fierce competition in some markets.

In Florida, for example, home center activity is sharpening. In Jacksonville, Mr. HOW, Home Depot and the new Scotty's prototype will make competition keen.

"The whole industry is finding itself in a much more competitive posture now. It's going to get tougher before it gets better," asserted Ray Cooney, president of the 112-unit Scotty's chain based in Winter Haven, Fla. He added that 1985 "will be a classic example of a very strong competitive market where the companies which are well financed, have trimmed costs and which exercise sound business principles will survive. In the next 24 months, many companies will not make it and we'll see people now who will not be with us then."

Cooney is estimating that Scotty's 1984 sales will exceed $475 million, $76 million more than was recorded in 1983. He also said the Florida chain will open between five and eight new stores in the coming year.

"Considering the atmosphere of the economy, we had extremely good sales and we and our stockholders feel we've done a very good job this year. If we do as well next year, we'll be more than happy," he commented.

Other industry giants like Lowe's, Hechinger and The Home Depot eagerly await 1985, a year that promises to be fruitful for them.

Arthur Blank, president of Home Depot, said 1985 will be a strong year for the 22-unit Atlanta-based firm. Home Depot will add 15 more stores next year plus operate the nine existing Bowater stores and the one already under construction, which it purchased.

Lowe's, the 243-unit home center company based in North Wilkesboro, N.C., is predicting sales growth in the coming year of about 20% to almost $2 billion, from an estimated $1.7 billion by the end of fiscal year 1984, which ends Jan. 31, 1985.

Cliff Oxford, director of corporate relations at Lowe's, said that declining interest rates offer "a positive edge for the company and the whole industry." The health of housing is particularly important for Lowe's, which derives almost half its volume from sales to home builders.

During an analysts meeting in New York last month, M. Benfield Phillips, vp of corporate professional sales at Lowe's, reported fourth quarter pro sales—which comprise about 50% of all company sales, 80% of which is dedicated to the home builder—should be up 8% to 12%, at a time when housing starts are expected to decline 7% to 10%.

In 1985, Lowe's retail operation will face further challenge from Hechinger, the 44-unit chain based in Landover, Md. Hechinger this fall introduced its first warehouse store, in a Lowe's market—Raleigh, N.C. In early 1985, the Maryland-based home center chain will open another of its warehouse stores, in Greensboro, N.C. Commented Hechinger executive vp Philip J. Mansfield: "We see 1985 as a very good year for us. The major home center chains should continue to expand next year. We do not see a recession for 1985."

Payless Cashways, the 157-unit, Kansas City, Mo., chain that had a more difficult year than expected in 1984 due to heavy competition in the Phoenix market that forced gross margins down below the company average, also looks forward to a better 1985. Company president David Stanley said 1985 should produce "something more than 20% sales on a less than 10% comp-store gain." The estimate puts the company slightly below its 10-year sales gain average of 28%. Also, Payless will open about 15 new stores in 1985. It open 21 in 1984.

A particularly bright spot for Payless, however, is its Somerville Lumber division based in Massachusetts. Somerville president Harold Cohen has announced that fiscal 1984, which ended Nov. 24, had a sales increase of 29% to $59.1 million. Pretax earnings are estimated to be about $6.9 million. In 1983, Cohen said earnings were $2.9 million on sales of nearly $45.9 million.

For 1985, Cohen is predicting a 39% increase in sales for Somerville Lumber with the Somerville store doing $45 million, the Westboro location doing $20 million and the new West Bridgewater store doing $17 million. Also, Cohen said future Somerville sites are being scouted north of Boston and in southern New Hampshire.

Steve Wiley, executive vp of Homecrafters Warehouse, a 41-unit chain based in Birmingham, Ala., is optimistic about 1985, despite its poor showing in 1984. "Because of our pre-opening expenses this year, we don't expect to make money," he said, adding that in 1985, "we'll be reaping the pay-off of all the stores we opened this year and from the additional stores we'll be adding next year."

Wiley said Homecrafters, which started its warehouse concept this year, is planning to open three new stores by spring, one of which will be in Alabama.

Hill-Behan Lumber Co.'s Patrick Behan, vp of the St. Louis division of the 33-unit St. Louis, Mo., chain, is predicting 1985 will provide between 10% and 12% sales gains plus the addition of one more unit. Forecasts for 1984 are 10% ahead of 1983 sales, Behan noted. "We just keep ploughing on; we're a survivor. The economic environment was a lot better in 1984."

The current year is proving to be a successful one for the six-unit HomeClub warehouse chain, Long Beach, Calif. George Handgis, executive vp, said the chain, launched in October 1983, expects to end its first full year of business with sales of $70 million. It also expects to open eight to 15 new stores next year.

Paul Conley, assistant general manager and vp of the 19-unit O'Malley Building Materials, Phoenix, said he is "bullish" on prospects for both O'Malley's builder supply and consumer business in 1985.

'The whole industry is finding itself in a much more competitive posture now. It's going to get tougher before it gets better.'

—Ray Cooney, *president, Scotty's, Winter Haven, Fla.*

'We see 1985 as a very good year for us. The major home center chains should continue to expand next year.'

—Philip J. Mansville, *exec vp, Hechinger, Landover, Md.*

Competition is strong in the Phoenix market, where The Home Depot, Payless Cashways, Angels and Handyman compete. Despite this, Conley said he expects a 10% sales gain at O'Malley's companywide. "Interest rates are going to come down more and this will ignite the builder end of the business," he said. "Home building is going to be better than we could even hope for. That's my gut feeling." He said total sales in 1984 gained 8% over 1983.

Fierce competition is not swaying Courtesy Home Centers of Chicago, a four-unit chain, off course, asserted vp Zangwill Munies. "We're looking at it very positively and optimistically," Munies commented about 1985. "In spite of increased competition [from Builders Square, which opened in Chicago this year] I'm not going to change my style."

Adding to the activity there, Munies said Courtesy will break ground next August on a 90,000-sq.-ft. store in southwest Chicago, due to open in 1986. Currently, the chain's fifth store, a 90,000-sq.-ft. unit in Skokie, Ill., is scheduled to open later this month.

While many home center retailers are optimistic about the approaching year, others are somewhat pessimistic.

Ted Tanase, president and ceo of the Lanoga Corp., the Seattle, Wash.-based holding company which operates the United Building Centers, Spenards, Lumbermen's and Peavey chains, predicts 1985 will be a "flat year. We are looking at it conservatively."

Next year, Tanase said, he expects a 12% sales gain over 1984; 1984 should generate sales of $345 million, a 15% increase over 1983 sales, he said.

Tanase said the economy really bore down hard on the company this year. The large drop in single-family housing starts in Alaska, where Lanoga operates 11 Spenard home centers, and in Montana, where the firm operates several United Building Centers—plus declining lumber prices, and high operating costs left its mark on the company. "The economy did not help us much at all," he asserted.

When comparing 1984 and 1985, Tanase said he expects both years "to be about the same. We will pick up some market share here and there."

Grossman resigns from Evans

(Continued from page 5)

days we would work to develop a plan to restructure this debt," said Glazer. He would not elaborate on how this might take shape.

With the Grossman offer on the horizon, Posner has in front of him a number of options he could use to reduce his company's debt burden.

One would be to let Grossman buy the company's retail division, pending the banks' approval, the payment for which would solve most of Evans' immediate debt problems.

The second would be for Posner to raise capital to pay the debt either through his own network of companies or through external financing. This might be difficult, as three of Posner's largest companies—NVF Inc., Sharon Steel, and Evans—suffered losses of more than $100 million through the first nine months of this year.

Were Posner able to raise this money for the debt, it is generally assumed by company officials that his 22-year-old daughter, Tracy, will play a greater role in running the retail group. Currently a vice president with the company, she, along with Lindsley Home Center executive Hank Kirschner, has been acting as a "liaison" between Braintree and Evans' corporate headquarters in Miami.

The third option would be for Posner to continue looking for an outside buyer. Last month, it was reported that Evans had broken its Retail Group into three different-sized components, a move seen as making each more palatable (*NHCN*, Nov. 5). However, with Grossman's departure, the chains have lost leadership.

"To the outside world, I don't think Mike's leaving makes any of the retail properties more attractive to buy," said a former Grossman's executive. "Whatever you can say about Mike personally, Evans Retail has always made money. It may not be the more innovative group of chains, but it performed under Mike."

Ironically, any struggle for the control of the Retail Group comes at a time when its profitability has been showing signs of wear. In the third quarter ended Sept. 30, the retail division's operating income fell to $20.9 million, compared to $25.1 million in the same period a year ago, a 16.7% decline. And nine-month figures show that operating income has fallen off even more precipitously, by 30.6% to $35.8 million.

However, Evans Retail is regarded in the home center industry as Evans Products' "cash cow," and most observers think the company's new vitality, through the development of warehouse stores in many parts of the country, will reinvigorate its earnings.

For Grossman, the sales and earnings of the company may be secondary to his attachment to the firm. Home center retailing has virtually been his life, as he joined L. Grossman, his family's business, in 1947, and rose to the top until Grossman's was sold to Evans Products in 1969. Two years later, he was named president of Evans Retail, which now consists of six separate chains.

His agreement to take what company officials are calling an extended leave of absence came after a series of telephone conversations he had with Posner. "Both agreed that Mike, in order to avoid the appearance of a conflict of interest, should step down temporarily while his offer is being considered," said Glazer.

On Monday, Nov. 26, at 4 p.m., Grossman gathered company officials and some longtime employees together, and read his decision from a short speech he had prepared himself. The message was also delivered by conference call to executives at Evans Retail's other chains.

Then, he left the office, reportedly with little fanfare, turning over the reins of his company to someone else for the first time in 37 years.

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New Pergament debuts as model warehouse store

By Donald Longo
NHCN managing editor

WOODMERE, N.Y. — Pergament Home Centers unveiled here last month what company officials are calling the "first true warehouse" home center in the New York Metropolitan Area.

The 72,000-sq.-ft. outlet—Pergament's fifth warehouse unit—will be the prototype for four more warehouse-style stores scheduled to open this year. It represents the chain's boldest plunge yet into the arena of warehouse retailing.

"The Bethpage store [opened in late 1983] was the test location," where any problems with the transition from a traditional to warehouse operation were ironed out, said Murray Pergament, president of the 40-store Melville, Long Island-based chain, who was at the Woodmere store for its official grand opening on Dec. 6. "This is our flagship," he said, gesturing to the estimated $2 million worth of merchandise stocked on 16-ft.-

(Continued on page 48)

"This is our flagship," said Murray Pergament (left) as he and his brother, Robert, oversee grand opening of the chain's new 72,000-sq.-ft. warehouse store in Woodmere, N.Y. NHCN photo

HomeClub closes $30 mil. private equity placement

Fills company coffers for 1985 expansion

By Ronald R. Gurczynski
NHCN associate editor

LONG BEACH, Calif. — HomeClub, the 18-month-old southern California warehouse home center chain, last month closed a $30 million private equity placement.

The deal represented 50% of HomeClub shares presently outstanding and boosted the chain's valuation to $60 million. The series B preferred stock was sold by the New York investment banking firm of Donaldson, Lufkin & Jenrette to a group of 15 investors ranging from venture capitalists and retailers, to pension funds and a university.

Investors in this round, which closed on Dec. 18, included Jack Eckerd Corp., a Florida-based specialty retailer, HRT Industries (owners of the Zody's discount store chain), Citibank, Harvard University, Manufacturers Hanover, Molson Pension Fund, General Electric's Pension Fund, the four original venture capital investors and several smaller groups.

While Eckerd invested $9

(Continued on page 48)

NEWSBREAKS

BEAVER READIES WAREHOUSE. Busy Beaver will open its first warehouse store, a 60,000-sq.-ft. unit, in Boardman, Ohio, late next month. The new company prototype will get a logo of its own, apart from the company's traditional beaver, and will be dressed in white, red and blue.

INSIDE:

BMA restructuring, strengthening national presence. —Page 2

Delaware independent adapts to changing times. —Page 3

The new tax plan: a mixed blessing for retailers. —Page 3

NHCN introduces expanded financial report on home center industry. —Page 4

AMSHEL CONSOLIDATES CHAINS

Hardware Fair launches repositioning

By John Caulfield
NHCN senior editor

BALTIMORE — After a year of managerial and financial turmoil, The Hardware Fair here embarks more optimistically on 1985, with plans to open as many as five new stores in this metro market.

And, at a time when this area has seen considerable expansion by several of the larger home improvement chains, Hardware Fair's strategy will be to convert its 10 existing units into "convenience" outlets that sell hardware and housewares.

It is dropping lumber and building materials from its larger stores, which will be shrunk to a standard 10,000 to 11,000 sq. ft. Its product mix could be halved to 10,000 stock keeping units, and the stores' inventory reduced to $250,000 per unit.

These seismic changes follow a very rough period for the chain, which, over the past 24 months, has had three presidents, three controllers, a six-point decline in gross margins, virtually no inventory turnover, and suffered its first real earnings loss.

Consequently, chain officials have attempted to find cost savings throughout the operation. They have closed its 38,000-sq.-ft. warehouse, and will rely on local and regional wholesalers, with the possibility in the future of aligning with one of the major wholesale co-ops. The warehouse's inventory was liquidated "at or below cost," according to one company official, in the fall, and 16 of its 22 employees were laid off. Margins on merchandise still in the stores have been raised to 38%.

By Jan. 15, Hardware Fair's buying and advertising depart-

(Continued on page 48)

Economic volatility doesn't brake Detroit market activity

By Elizabeth Brent
NHCN field editor

DETROIT — All but bereft of home center expansion in past years, Detroit could soon become the hottest market in the industry.

This year will see the entry of two powerful warehouse operators, The Home Depot and Builders Square. And in anticipation of their arrival, Forest City has already begun converting its eight stores here to a warehouse format it now uses in Chicago.

This sudden hyperactivity in Detroit could signal the beginning of a northern trek by other home improvement chains from the Sunbelt, as the search for new markets large enough to support warehouse and other big stores takes them above the Mason-Dixon line.

The Detroit market, though, is far more volatile than most, as its economy is vulnerable to the double-whammy fluctuations of both the housing and auto industries, variables even the newcomers haven't completely figured out yet.

"We don't have specific plans to deal with the cyclicality [of the auto industry]," admitted Arthur Blank, president of The Home Depot. "But we did discount a great deal of the base population to allow for a lot more unemployment."

The unpredictability of the market's economy will be further compounded by the ensuing ferocious battle for retail market share, as Home Depot and Builders Square plan to position their new sites alongside existing home centers in Detroit's suburbs, meeting their competition and each other head-on.

"You are going to see a dramatic change in the pricing structure of the Detroit market," said Paul Siegel, merchandising vp for the Cleveland-based Forest City. "Everybody in the market will be affected, and whoever does not respond will fold."

Officials at the other major chains in Detroit—Pine Lumber Cashway, Church's Lumber Yards, Erb Lumber and hardware companies like Meijer Thrifty Acres and ACO Inc.—all claim to be preparing for the warehouse onslaught, although most did not know how seriously these new stores would impact their businesses.

"We went through this [increased competition] in the 1960's and 1970's with the discount stores, and I think it's happening again," said Ted Traskos, chairman of ACO, which has all 42 of its stores within a 70-mile radius of Detroit.

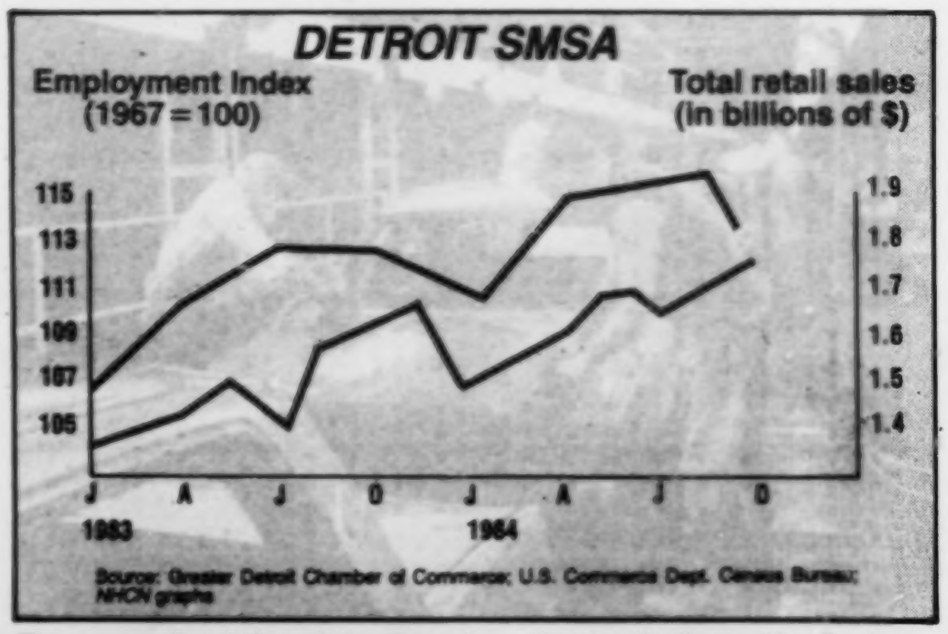
He now concedes, though, that the new competition has awakened his company into action. For example, the chain may soon be dropping the margins on several hundred of its items by as much as 5 to 10 percentage points. The stores will be emphasizing their basic hardware product mix and have greatly reduced housewares.

ACO has also stepped up its employee training, and has hired a public relations firm, Anthony M. Franco, which, over the past few months, has done market research that will form the basis of the chain's promotional program.

"Our company is now better positioned to take on new competitors than ever," Traskos said, adding that per store sales of $1.85 million were up 22% in 1984, 12% on a comp-store basis. "Only 1% of that increase was due to inflation." ACO plans to open five new stores in Detroit this year.

Other retailers here are hoping for the same kind of results from a market they describe as "lucrative," "volatile," "well stored" and "largely untapped."

(Continued on page 38)



The unpredictability of the Detroit market, as indicated by fluctuating employment and retail sales, hasn't deterred home center chains from entering and expanding in the market.

NHCNews Briefs

Industry Update

Another 'Home' warehouse

CLEVELAND — "DIY Home Warehouse" is what Erb Lumber and Eclipse Industries are calling their new joint venture, through which they plan to open a string of warehouse home centers in this market.

The first store, tentatively scheduled to open in late winter, will be a 90,000-sq.-ft. unit, located in a former Clarkins department store at 12,800 Brookpark Road, about a mile from one of Forest City's busiest Cleveland stores. Initially, the Brookpark store will serve as the headquarters for the Erb-Eclipse company.

Triangle opens fourth unit

ALLENTOWN, Pa. — Triangle Building Centers opened its fourth home center store here on Dec. 15, a new prototype that the company hopes to replicate at least twice during 1985.

Thomas Ostrander, gm, said the 60,000-sq.-ft. store containing from 22,000 to 25,000 stock keeping units, completes the "natural extension" of the Allentown/Bethlehem/Easton area.

Although Ostrander would not say where Triangle is looking to expand its influence, he did say the Quakertown, Pa.-based company is investigating five new sites, three of which it is "actively pursuing."

The new Allentown store, described by Ostrander as a "hybrid," a cross between a retail showroom and a warehouse because it contains both features, is "the prototypical unit" Triangle will use in its future locations.

Goodbuys slates new stores

PHILADELPHIA — Mr. Goodbuys will open five to six new home center stores in 1985 including one in Lawnside, N.J., outside of Philadelphia, scheduled for next month, said Bill Dorf, senior vp of merchandising.

The four-unit chain based in Philadelphia will expand only in its "current trading area," Dorf said. Other specific site locations will be announced later this quarter.

Dorf, who started with Mr. Goodbuys last October, said all company locations will be outfitted with hardware, lighting and wall and window decor departments, new to Mr. Goodbuys. Buyers for those departments have already been hired: John Hanlon, formerly a hardware buyer with Rickel's is now heading the hardware division at Mr. Goodbuys; Michelle Angelo, formerly of Bellows Lighting in Philadelphia now is the Lighting Buyer, and Randy Silverman, formerly of Wanamakers of Philadelphia, will join Mr. Goodbuys as the Wall and Window Decor Buyer, Dorf said.

The new Lawnside store is a 108,000-sq.-ft. building previously occupied by Two Guys, a now defunct discount retailer. It is being remodeled to reflect a warehouse "hybrid" look containing "10 specialty stores under one roof," Dorf commented.

Diamond promo exceeds goal

DALLAS — A chainwide contest for Diamond Lumber's professional builder sales force generated $2.8 million in new business during October and November, president Jerry Rex said.

Salesmen actually exceeded a $2 million goal that was set for the contractor sales promotion, which Rex described as "the most sensational success of anything we've tried" since parent Michigan General acquired the 96-unit chain in September 1983.

The contractor salesmen earned contest points for each dollar of new business they wrote during a six-week period. The points were redeemed for Christmas gift certificates, which could be used to purchase products in the Spiegel's Christmas catalog.

Trump name not unique

NEW YORK — A judge here has denied a preliminary injunction that would have prohibited Eddie and Julius Trump from using their last name in business transactions.

Judge David Edwards found that the Trumps, whose group took over Pay 'n Save Corp. late last year, did not infringe on the trade name of the Trump Organization, owned by New York real estate mogul Donald Trump, who is not related to the brothers Trump.

The judge decided the name "Trump" was neither unique nor distinctive.

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BMA restructures management to strengthen national presence

GREENVILLE, S.C. — Builder Marts of America has restructured its sales management organization and sales territories. The revamping, which came about late last year, is the latest phase in BMA's moves toward streamlining and decentralizing its building materials organization to further strengthen its national presence.

"We have grown dramatically and anticipate tremendous growth in the next two years. With our national positioning, we needed to take a different look at decentralizing some of our buying while, at the same time, centralizing our management," said a BMA officer. Over the last five years, BMA has grown at a better than 20% compounded annual rate. Apparently, BMA's latest move is part of the organization's new 3-Year-Plan extending into 1987.

The BMA reshuffling, which has not yet been announced, caught several BMA-affiliated retailers by surprise. Employees at Economy Lumber & Hardware in Colorado and The O'Malley Lumber Co. in Arizona, for instance, had not heard of BMA's sales organization changes.

Under the new plan, BMA has been divided into three sales regions—South, North and West—all of which, temporarily, operate from Greenville. Each sales region will be headed by a vice president.

Within these three new divisions will be a total of five subgroups with each one headed by a regional manager. BMA currently operates field offices in Greenville, Dallas, Schaumburg, Ill., and Concord, Calif.

Personnel changes include the promotion of Frank Robinson to senior vice president of BMA's dealer division from vice president and general manager for forest products. Michael Johnson, formerly vice president building materials, has now become vice president/business development. Another company official said that several more vice president positions have been filled by promotions from within.

Earlier in 1984, BMA building materials division president Dick Ingram said that the company had become too large to service its dealers effectively. In response, the company broke down into five regions. In addition, BMA placed greater emphasis on computerized telemarketing

Lloyd readies home center prototype

DANBURY, Conn. — Lloyd Home & Building Centers, a 39-unit chain based here, will complete plans for a new, consumer-oriented prototype this summer.

The prototype will evolve from experimentation at Lloyd's Norwalk, Conn., store, which was remodeled with a high-tech theme last September.

Since that remodeling, retail sales at the Norwalk store have increased dramatically, from 65% to 80% of total store sales, said store manager Dave Corna, giving the unit a 20% sales gain since then.

The concept changes designed in 1984 will spread through the chain in 1985 with the remodeling of three additional locations, in New Milford, Conn., and in Hawthorne and Yorktown, N.Y., and the replacement of two other stores in their existing markets, in Poughkeepsie and Baldwin Place, N.Y.

Although the Norwalk store has been extremely successful for Lloyd, it is not the company's prototype but rather its experimental location. "It was the proof of the concept," noted Charles Banyas, director of merchandising and marketing.

The prototype itself is still in the design stages and probably will not be completed for at least six to eight months, commented Bruce Dybvad, director of three-dimension design at Design Forum. The Dayton, Ohio, firm was retained a year ago to help Lloyd establish a new theme for the company until last year known as Lloyd Lumber.

Lloyd Lumber in Hawthorne, N.Y., which opened in 1980, is slated for remodeling by the end of 1985. NHCN photo

Decorated to look like a modern warehouse, Dybvad asserted the store "is not a low priced warehouse store but does have elements of it to give the sense of lower price but with upscale merchandise."

Banyas said the intent of the redesign was to help the retailer shed the lumberyard image and give it a more pleasing retail flavor.

The 13,000-sq.-ft. store is designed in gray and red and utilizes Plexiglas signage, track lighting and wood platforms on which special merchandise is presented for an environment condusive to selling DIY items.

The focal point of the retail floor is the kitchen area, located in the center of the store, furnished with eight vignettes featuring merchandise for Riviera, Carroll and Homecrest. It is in this department, that the store has had its largest sales increase, 19%. These sales gains balance the declines in lumber sales percentages, something Corna said he doesn't worry about since that department's "sales dollars are holding their own."

To underline the modern appearance of the store, Lloyd changed its logo from the familiar lumberjack to a bold red-lettered "Lloyd" sign on a black shadow.

There are other changes as well at Norwalk. Stock keeping units increased by 3,000 from 9,000 to 12,000. The additional merchandise has been used mostly to broaden lines in power tools, electricals, plumbing and lighting fixtures, Corna said. In addition, the creation of a separate professional contractor area, located against a wall, was installed to foster sales in that segment. This development, first implemented at Norwalk, could evolve into a separate contractor room with specialized hours, in the prototype, Dybvad said.

Highlights in this issue

NHCN's *1985 Metro Market Outlook*

Will Detroit's home improvement market emerge as the next Dallas for growth? Can Philadelphia be a magnet for new stores the way Denver has? Will the sales and earnings expectations of dealers moving into Nashville, Salt Lake City and a host of other "secondary" markets be met? Retailers are about to learn the answers to these questions this year, as many chains are "discovering" northern markets and those with smaller populations as areas for expansion. **—Pages 20-42**

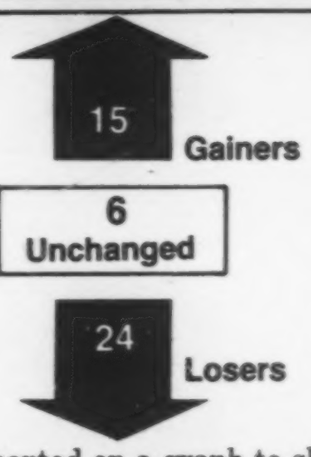
Index

Financial News 4
Housing 6
Editorial 9
Washington View 9
People 10
Lumber Report 12
Merchandising **14, 16**
Metro Market Report **24-42**
Classified 43-45

Merchandising

Building material manufacturers are taking steps to develop greater DIY sales by making their products more appealing and easier for the retail shopper to use.
—Page 14

FINANCIAL NEWS

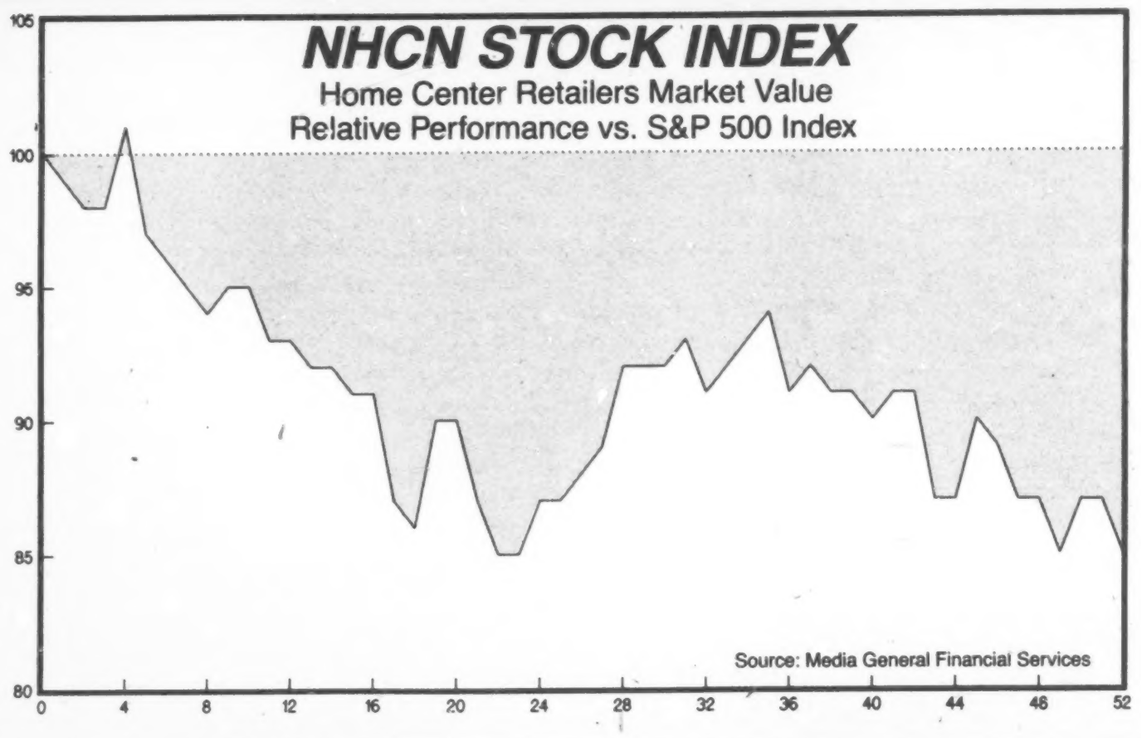


With this issue, *National Home Center News* introduces a completely expanded financial report on the home center industry that will appear in every issue and detail market performance in three ways:

- A Home Center Industry Market Summary will provide a consolidated, two-week summary, prepared at presstime, of stock price, volume, sales and earnings information on 22 home center retailer issues and 23 manufacturers and wholesalers in the industry.
- *NHCN* will provide a scorecard of the trading volume trend leaders and the biggest stock price gainers and losers.
- A *National Home Center News* Stock Index is charted on a graph to show home center retailers' relative market value performance in relation to the Standard & Poor's 500 index.

As the stock index graph indicates, home center stocks were outperformed by the S&P 500 during the past 52 weeks by approximately 15%. While the S&P 500 Index held steady (162.39 to 162.69) from December 1983 to December 1984, the *NHCN* Stock Index fell by almost 15 points.

Forest City Enterprises saw the largest volume trend change over the past two weeks, while Southwest Forest Industries experienced the greatest stock price gain. Evans Products and Wolohan Lumber headed a list of 24 stock price losers during the two-week period ended Dec. 14, 1984.



VOLUME TREND LEADERS

Company and Market	Total 2-Week Volume	2-Week Price Change	Volume Trend Change
-	(100)	%	%
Forest City Ent ..... A	565	.0	642.1
US Gypsum ..... N	9,310	- 5.6	344.9
Natl Gypsum ..... N	7,604	- 2.8	321.6
Georgia-Pacific ..... N	37,609	- 1.6	236.7
Certain-teed ..... N	2,330	- 1.8	215.4

Company and Market	Total Weekly Volume	Weekly Price Change	Volume Trend Change
	(100)	%	%
Owens Corning ..... N	10,191	.0	214.5
Boise Cascade ..... N	8,415	2.3	178.1
Walter, Jim ..... N	5,071	1.6	152.1
Lewis Palmer ..... M	918	- 6.1	143.6
SW Forest Ind ..... N	4,281	9.4	142.6

TOP GAINERS

Company and Market	Total 2-Week Volume	2-Weeks Ended 12-14-84	2-Week Price Change
-	(100)	$	%
SW Forest Ind ..... N	4,281	16.00	9.4
Home Depot ..... N	9,366	16.13	4.9
Mich General ..... A	2,512	6.38	4.1
Payless Cash ..... N	4,773	15.75	4.1
Edison Bros ..... N	349	33.88	2.7

TOP LOSERS

Company and Market	Total 2-Week Volume	2-Weeks Ended 12-14-84	2-Week Price Change
-	(100)	$	%
Evans Prod ..... N	1,529	3.13	- 10.7
Wolohan Lumber ..... O	463	4.50	- 10.0
Sherwin-Wms ..... N	2,937	26.13	- 6.7
Lewis Palmer ..... M	918	7.75	- 6.1
Pottatch Cp ..... N	791	29.13	- 5.7

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 12-14-84 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate: Amt. $	Indicated Divd. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -
Retailers																	
Boise Cascade ..... N	39.38	.88	2.3	39.75	37.00	45.00	32.50	8,415	3.17	1.14	178.1	10.7	1.90	4.8	.....	9 mos.	09-84
Color Tile ..... M	15.75	.13	.8	15.88	15.63	17.88	13.63	1,445	1.57	1.97	- 20.3	10.6	.00	.0	.....	3 mos.	09-84
Edison Bros ..... N	33.88	.88	2.7	34.00	33.13	43.00	32.50	349	.34	.35	- 2.9	7.8	1.60	4.7	.....	9 mos.	09-84
Erb Lumber ..... O	18.50	.00	.0	19.50	18.50	25.00	18.00	20	.22	.38	- 42.1	8.6	.00	.0	.....	9 mos.	09-84
Evans Prod ..... N	3.13	- .38	- 10.7	3.50	3.00	11.00	3.00	1,529	1.11	.55	101.8	NE	.00a	.0	.....	9 mos.	09-84
Forest City Ent ..... A	21.00	.00	.0	21.00	20.75	21.25	15.00	565	1.41	.19	642.1	NE	.14	.7	.....	6 mos.	07-84
Grace W R ..... N	39.38	- 2.00	- 4.8	41.63	38.88	46.88	36.50	5,561	1.15	.57	101.8	9.9	2.80	7.1	.....	9 mos.	09-84
Hechinger A ..... M	19.75	.25	1.3	20.00	18.75	20.25	13.50	417	.60	.51	17.6	NA	.16	.8	.....		00-00
Hechinger B ..... M	19.75	.25	1.3	20.00	18.75	20.50	14.00	583	.32	.19	68.4	18.0	.10	.5	NEW	9 mos.	10-84
Hines Ed Lumber ..... O	40.00	.50	1.3	41.50	39.75	43.75	32.50	69	.39	.32	21.9	27.0	1.00	2.5	NEW	9 mos.	09-84
Home Depot ..... N	16.13	.75	4.9	16.50	15.38	27.88	12.00	9,366	3.75	2.49	50.6	29.3	.00	.0	NEW	9 mos.	10-84
K mart Cp ..... N	35.00	.25	.7	35.25	34.25	37.63	26.75	24,034	1.92	1.36	41.2	8.4	1.24	3.5	.....	9 mos.	10-84
Lowe's Cos ..... N	24.50	.50	2.1	24.75	23.75	25.00	16.25	7,456	2.06	1.12	83.9	14.7	.32	1.3	.....	9 mos.	10-84
Mich General ..... A	6.38	.25	4.1	6.88	5.75	9.75	4.63	2,512	2.22	1.12	98.2	24.5	.00	.0	.....	9 mos.	09-84
Pay N Pak ..... N	14.25	- .13	- .9	14.75	13.50	20.00	12.75	1,024	1.02	.89	14.6	11.9	.60	4.2	.....	6 mos.	08-84
Payless Cash ..... N	15.75	.63	4.1	16.25	15.13	25.00	13.50	4,773	1.48	1.23	20.3	12.7	.16	1.0	.....	9 mos.	08-84
Scott Seabd ..... O	1.00	.00	.0	1.38	1.00	4.00	1.00	35	.19	.09	111.1	8.3	.00	.0	.....	6 mos.	07-84
Scotty's Inc ..... N	12.63	- .25	- 1.9	13.50	12.50	16.25	11.38	1,318	1.00	.60	66.7	9.5	.52	4.1	.....	3 mos.	09-84
Sears, Roebuck ..... N	30.75	- .38	- 1.2	31.75	30.00	40.38	29.50	49,206	1.37	.78	75.6	7.5	1.76	5.7	.....	9 mos.	09-84
SW Forest Ind ..... N	16.00	1.38	9.4	16.63	14.75	22.50	13.00	4,281	4.61	1.90	142.6	NM	.00	.0	.....	9 mos.	09-84
Std Brd Prt ..... N	18.25	- .75	- 3.9	19.25	18.25	22.63	16.50	899	.81	1.08	- 25.0	10.3	.54	3.0	NEW	9 mos.	10-84
Wolohan Lumber ..... O	4.50	- .50	- 10.0	4.88	4.50	6.50	4.00	463	.79	.57	38.6	14.1	.16	3.6	NEW	9 mos.	09-84
Wholesalers																	
Palmer Lewis ..... M	7.75	- .50	- 6.1	8.25	7.25	10.81	7.09	918	2.46	1.01	143.6	11.1	.28b	3.6	.....	3 mos.	04-84
Manufacturers																	
Am Standard ..... N	30.00	- 1.25	- 4.0	31.25	29.50	33.25	22.88	5,229	1.34	.68	97.1	10.4	1.60	5.3	.....	9 mos.	09-84
Armstrng Wrld ..... N	32.50	.00	.0	33.00	31.38	33.00	22.25	5,435	2.26	1.16	94.8	9.2	1.20	3.7	.....	9 mos.	09-84
Black & Decker ..... N	21.63	- .88	- 3.9	22.50	21.00	28.63	17.25	8,617	1.71	1.23	39.0	11.1	.64	3.0	.....	fiscal	09-84
Certain-teed ..... N	20.25	- .38	- 1.8	21.13	19.75	23.50	15.50	2,330	1.23	.39	215.4	11.0	.60	3.0	.....	9 mos.	09-84
Champ Intl ..... N	20.00	.25	1.3	20.13	19.25	28.88	16.88	26,018	4.72	2.89	63.3	9.4	.40	2.0	.....	9 mos.	09-84
Clopay Corp ..... A	16.50	- .25	- 1.5	16.75	16.38	19.50	13.63	15	.13	.33	- 60.6	9.2	.16	1.0	.....	9 mos.	09-84
DeSoto Inc ..... N	31.88	- .50	- 1.5	32.63	31.25	34.38	26.50	358	.64	.32	100.0	9.5	1.40	4.4	.....	9 mos.	09-84
Emhart Corp ..... N	30.00	- .50	- 1.6	31.00	28.25	31.59	24.53	2,513	.91	.40	127.5	8.9	1.27b	4.2	.....	9 mos.	09-84
Georgia-Pacific ..... N	23.75	- .38	- 1.6	24.38	23.25	25.75	18.00	37,609	3.67	1.09	236.7	11.4	.80	3.4	.....	9 mos.	09-84
La Pacific ..... N	19.88	- .50	- 2.5	20.88	19.50	28.78	17.00	5,484	1.59	.72	120.8	24.2	.80b	4.0	.....	9 mos.	09-84
Manville Cp ..... N	5.88	- .13	- 2.1	6.00	5.63	13.63	5.63	3,187	1.33	.82	62.2	5.0	.00	.0	.....	9 mos.	09-84
Masco Corp ..... N	27.13	- .25	- .9	27.75	25.75	32.59	22.50	6,930	1.23	1.01	21.8	12.4	.56	2.1	.....	9 mos.	09-84
Natl Gypsum ..... N	38.63	- 1.13	- 2.8	40.00	34.00	40.00	27.00	7,604	4.89	1.16	321.6	6.1	1.76	4.6	.....	9 mos.	09-84
Newell Cos ..... N	15.50	.25	1.6	15.63	14.88	17.63	13.25	430	.50	.61	- 18.0	10.5	.50	3.2	.....	9 mos.	09-84
Owens Corning ..... N	32.00	.00	.0	32.38	31.00	38.88	25.13	10,191	3.46	1.10	214.5	8.2	1.40	4.4	.....	9 mos.	09-84
Potlatch Cp ..... N	29.13	- 1.75	- 5.7	30.75	28.63	38.00	25.75	791	.51	.58	- 12.1	10.7	1.56	5.4	.....	9 mos.	09-84
Sherwin-Wms ..... N	26.13	- 1.88	- 6.7	27.88	26.00	32.38	22.25	2,937	1.29	.82	57.3	9.6	.76	2.9	.....	9 mos.	09-84
Stanley Works ..... N	24.50	- 1.00	- 3.9	25.38	23.88	29.50	19.50	2,236	.80	.43	86.0	9.6	.96	3.9	.....	9 mos.	09-84
US Gypsum ..... N	57.38	- 3.38	- 5.6	60.88	52.75	65.25	45.00	9,310	5.65	1.27	344.9	5.5	3.00	5.2	.....	9 mos.	09-84
Walter, Jim ..... N	31.00	.50	1.6	31.25	29.63	31.81	22.00	5,071	2.42	.96	152.1	7.8	1.20	3.9	.....	fiscal	08-84
Waxman Ind ..... O	9.13	.00	.0	9.38	8.88	10.25	4.13	224	1.32	.79	67.1	10.6	.06	.7	NEW	3 mos.	09-84
Weyerhaeuser ..... N	28.13	- .25	- .9	29.75	27.25	35.50	25.00	16,897	1.30	.67	94.0	15.2	1.30	4.6	.....	9 mos.	09-84

Company and Market	Financial Update: Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers												
Boise Cascade ..... N	962.8	5.9	32.7	80.7	1.13	94.8	2909.7	14.1	94.1	103.7	3.24	120.4
Color Tile ..... M	75.5	20.2	2.8	3.7	.31	19.2	75.5	20.2	2.8	3.7	.31	19.2
Edison Bros ..... N	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber ..... O	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod ..... N	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(58.1)	NE	(4.44)	NE
Forest City Ent ..... A	98.5	7.8	2.3	- 51.1	.29	- 50.0	170.7	3.9	.4	- 91.7	.05	- 91.7
Grace W R ..... N	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Hechinger A ..... M	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber ..... O	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Home Depot ..... N	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp ..... N	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos ..... N	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General ..... A	123.9	327.2	2.0	100.0	.18	20.0	344.3	335.8	3.7	15.6	.32	- 40.7
Pay N Pak ..... N	87.8	17.9	3.8	26.7	.38	15.2	162.2	26.5	6.2	34.8	.62	17.0
Payless Cash ..... N	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd ..... O	11.2	6.7	.2	- 33.3	.13	- 27.8	20.5	9.0	.2	- 33.3	.13	- 27.8
Scotty's Inc ..... N	101.7	6.6	3.4	6.3	.25	4.2	101.7	6.6	3.4	6.3	.25	4.2
Sears, Roebuck ..... N	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind ..... N	203.1	5.5	4.1	NE	.25	NE	587.5	15.8	13.1	NE	.82	NE
Std Brd Prt ..... N	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Wolohan Lumber ..... O	41.6	18.5	1.1	57.1	.19	72.7	103.0	22.8	1.8	38.5	.31	40.9
Wholesalers												
Palmer Lewis ..... M	29.1	13.2	.3	200.0	.10	42.9	29.1	13.2	.3	200.0	.10	42.9
Manufacturers												
Am Standard ..... N	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	87.3	95.7	2.24	38.3
Armstrng Wrld ..... N	395.0	6.6	22.8	15.2	.95	18.8	1186.8	9.6	73.4	46.8	3.00	49.3
Black & Decker ..... N	473.9	70.2	24.5	50.3	.48	29.7	1523.9	30.5	95.4	238.3	1.95	200.0
Certain-teed ..... N	327.0	11.2	3.6	- 74.6	.17	- 77.6	915.8	17.1	29.6	17.5	1.47	8.1
Champ Intl ..... N	1131.2	.8	40.2	64.1	.65	75.7	3430.7	7.7	109.4	87.7	1.76	107.1
Clopay Corp ..... A	36.1	12.1	1.3	62.5	1.02	61.9	97.6	12.7	1.6	100.0	1.26	90.9
DeSoto Inc ..... N	114.4	22.0	5.1	10.9	.91	11.0	329.2	19.3	15.1	8.6	2.70	8.0
Emhart Corp ..... N	420.6	6.9	21.4	9.7	.78	9.9	1346.3	8.5	64.8	16.3	2.35	15.8
Georgia-Pacific ..... N	1880.0	10.0	83.0	2666.7	.72	1700.0	5334.0	10.5	218.0	144.9	1.95	137.8
La Pacific ..... N	312.7	14.2	6.9	56.8	.19	46.2	946.3	16.9	21.2	1.9	.61	- 3.2
Manville Cp ..... N	512.0	12.9	28.2	38.9	.92	55.9	1400.9	7.9	59.0	.2	1.68	- 15.2
Masco Corp ..... N	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum ..... N	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos ..... N	67.6	- 2.3	3.1	- 20.5	.35	- 27.1	218.6	32.6	10.0	6.4	1.11	.0
Owens Corning ..... N	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Potlatch Cp ..... N	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms ..... N	552.5	4.2	25.3	9.5	1.10	18.3	1573.7	4.6	55.9	16.2	2.40	24.4
Stanley Works ..... N	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
US Gypsum ..... N	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	146.3	179.4	8.79	184.5
Walter, Jim ..... N	656.6	14.7	33.7	27.2	1.36	30.8	2287.8	13.0	97.0	37.4	3.96	31.1
Waxman Ind ..... O	20.5	99.0	.7	250.0	.40	185.7	20.5	99.0	.7	250.0	.40	185.7
Weyerhaeuser ..... N	2670.6	113.3	58.3	9.6	.40	14.3	4141.9	14.3	198.8	47.5	1.36	56.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting Period

3 mos. - First quarter of fiscal year
6 mos. - First six months of fiscal year
9 mos. - First nine months of fiscal year
fiscal - Fiscal year
NEW - New report since last issue

General Field Footnotes

NA - Not available or not applicable.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
a - Under dividend amount, an 'a' indicates a stock dividend.
b - Indicates cash plus stock dividend when applied to dividend amount column.

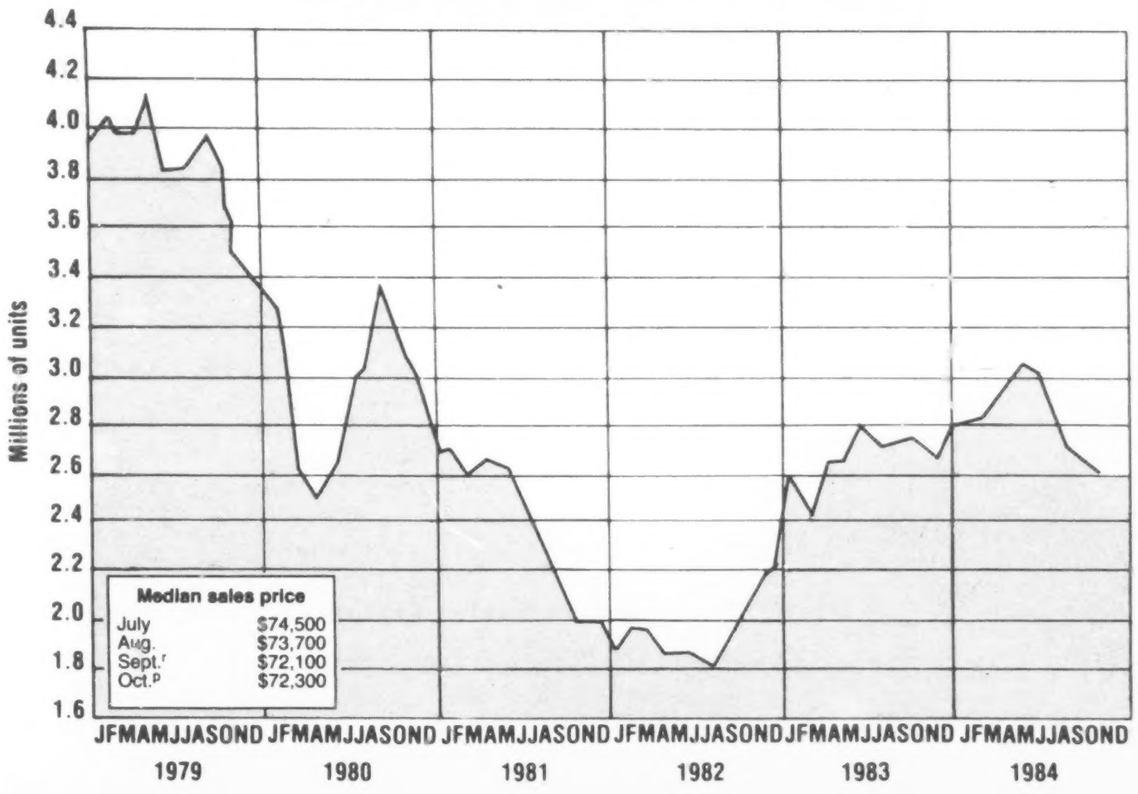
Market

N - New York Stock Exchange
A - American Stock Exchange
O - NASDAQ Over-the-Counter
Mi - NASDAQ National Market

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

HOUSING WATCH

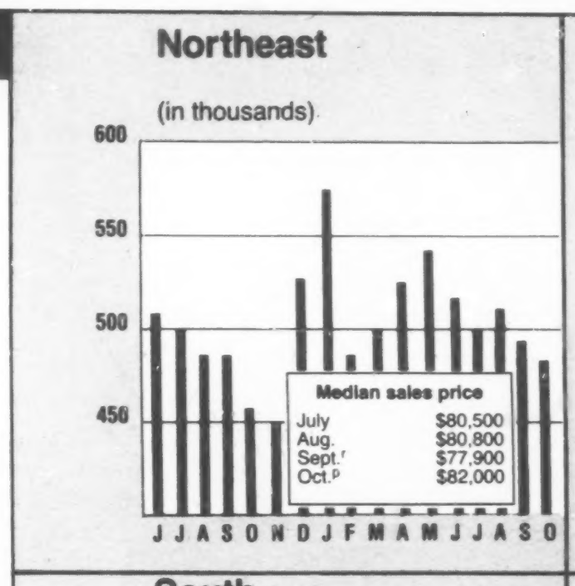
Existing single-family home sales

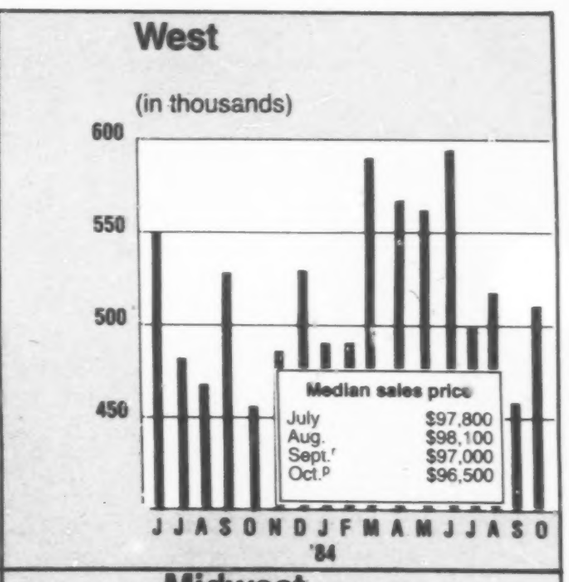


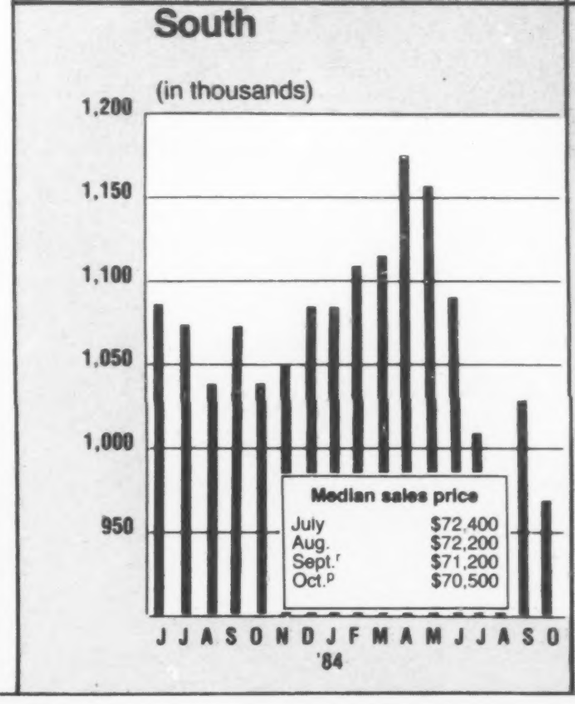
October's existing family home sales, helped by declining mortgage rates, leveled out at 2.67 million units, seasonally adjusted, ending a five-month decline, according to the National Assn. of Realtors. The regional picture was varied with declines in both the South and Northeast while home sales were strong in the West. Meanwhile, new family home sales rose for the second consecutive month to 680,000 units, seasonally adjusted, their highest level since March 1984.

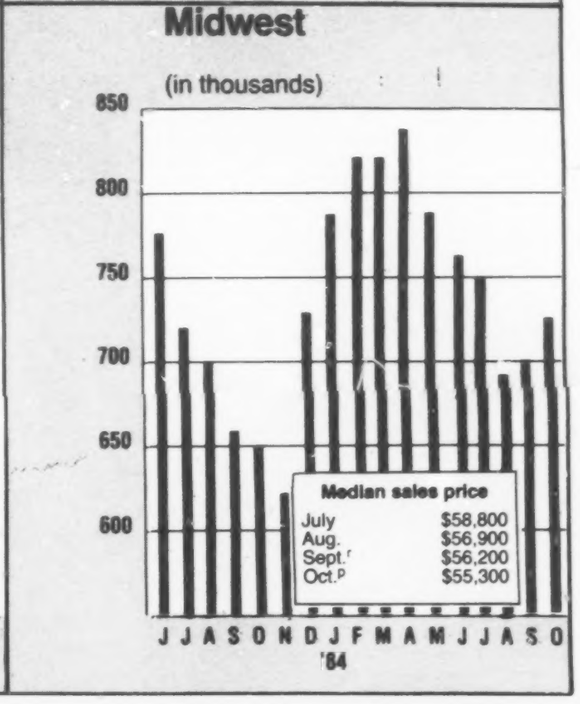
r = revised p = preliminary

Source: Nat'l Assn. of Realtors









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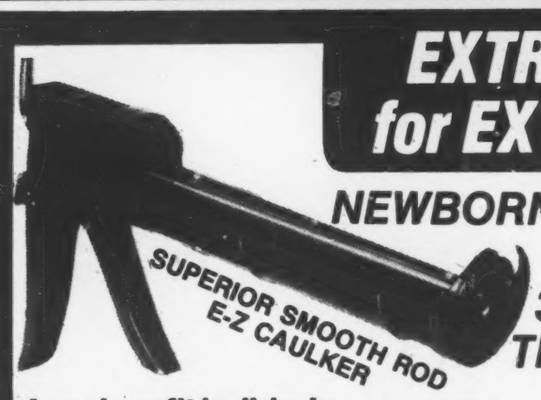

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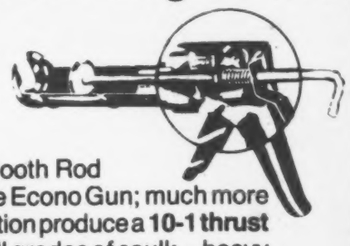

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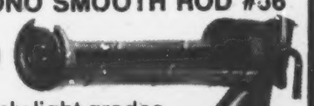

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Falling interest rates brighten housing picture

WASHINGTON — Lower mortgage rates are having a positive effect on home sales. October new home sales rose by 2.1% over the previous month to 680,000 units, seasonally adjusted. This is the highest figure since March 1984 when they reached 682,000 units, according to the Dept. of Commerce.

"This is especially good news following the 18.3% increase in the previous month," said Jack Carlson, chief economist and exec. vp with the National Assn. of Realtors (NAR).

Existing single-family home sales leveled off in October to 2.67 million units, seasonally adjusted, according to the NAR, thus ending a five-month decline.

The regional picture was varied with both the South and Northeast showing declines in existing home sales, while increases were recorded in both the West and Midwest.

Existing home sales dropped by 6.8% in the South to 960,000 units, seasonally adjusted.

The West recorded strong home resales, up 15.3% to 510,000 units. And new home sales were up also, by 35% to 186,000 units, seasonally adjusted.

"The major cause of the increased activity was the nearly 1% drop in fixed-rate mortgage interest rates, which attracted more buyers to the market and enabled more households to qualify to purchase," said Becki Schwab president of the 100,000-member California National Assn. of Realtors.

In California, with its high tech industries and greater income gains, housing rebounded more quickly than in the rest of the country.

Commitment rates on a fixed-rate mortgage are currently 14.16%, according to the Federal Home Loan Bank Board, compared with a rate of 15.23% for July. Rates for adjustable-rate mortgages with caps are currently 12.94% compared with July's rate of 13.17%.

In spite of the falling interest rates Carlson predicts less home resales in 1985 as the economy slows. Total home resales for 1984 are estimated at 2.83 million units and will drop to 2.70 million units by 1985.

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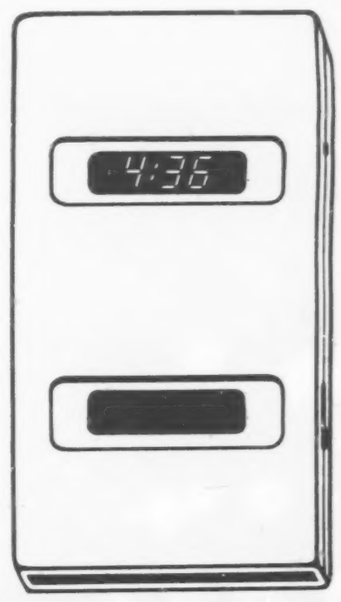

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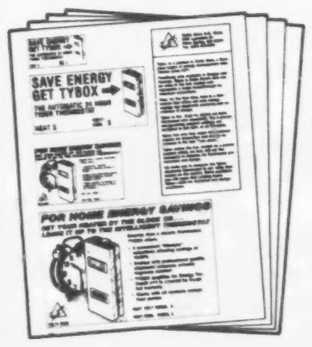
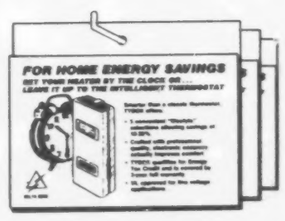
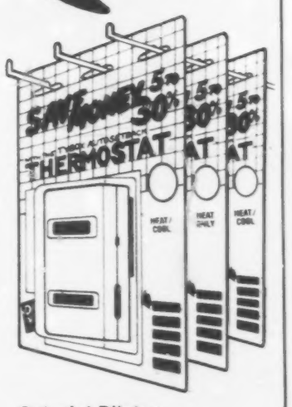


Ad Slicks for Co-op Ad Plan



Pads of Point of Purchase Ads



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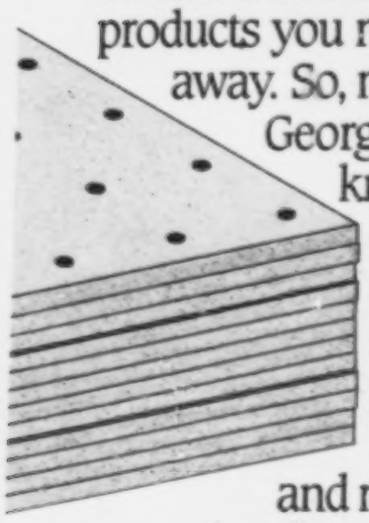

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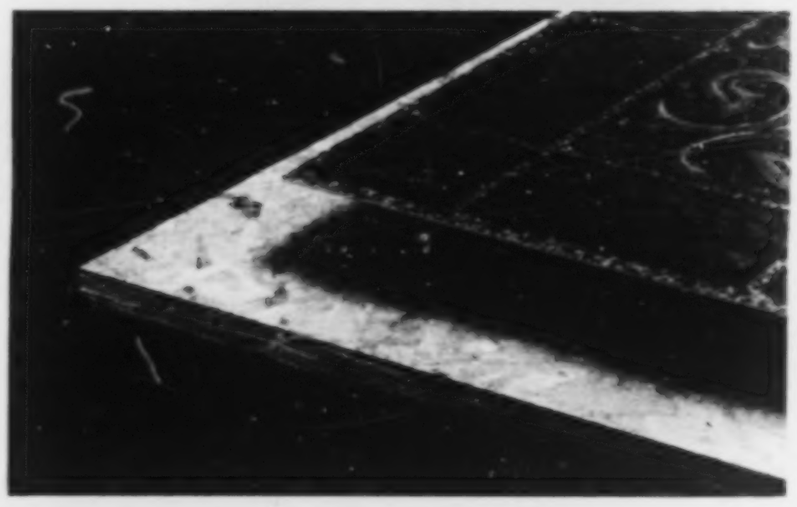

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LUMBER REPORT

Forest product producers begin to address retail supply/demand

NATIONAL REPORT — Comments made by Charles W. Bingham, Weyerhaeuser executive vice president, at a National Forest Products Assn. meeting late last year, should be heartening to retailers.

Bingham underlined a basic shift in Weyerhaeuser thinking concerning bringing products to market. In fact, it is a shift that goes well beyond that company.

"Instead of approaching the marketplace from the standpoint of, 'Here's what we've made. What will you pay for it?'" said Bingham. "We must ask the customer, 'What do you need that we can make?'"

Like other commodity producers, forest product companies are becoming keen marketers. As Bingham suggested, the new approach was perhaps overdue.

For one thing, the manufacturers have gotten into a lumber overproduction bind. Capacity has increased significantly in recent years and the mills are consequently spewing out more lumber. In plywood, Bingham noted, new products like waferboard and oriented strandboard resulted in a structural paneling overcapacity.

Excess capacity obviously impacts the market. Most of last year lumber prices floundered because supply far exceeded demand.

An answer to oversupply, offered Bingham, is expansion of the demand for wood, a goal that the NFPA has been addressing through its Wood Products Promotion Council.

"For example," said Bingham, "if all domestic regions utilized lumber at equal volumes per unit of housing construction, as are currently consumed in the West, demand would be increased by two billion bd. ft. of lumber per year.

"And if all domestic regions consumed structural panels as does the Northeast, demand would be increased 1.9 billion sq. ft. annually."

A way to achieve this increased demand for wood is to create products that more closely fill the consumers' needs, Bingham offered.

"Where there is more value," he said, "the customer will pay more for the product."

As an example of this phenomenon he mentioned Cabbage Patch Dolls, which have tapped an emotional chord among American consumers, who would probably not rush out in the same frenzy to purchase six 2x4s and a pound of sixpenny nails.

However, Bingham notes that the principle applies to products like oriented strandboard, which "has a higher value than plywood in some uses because it can be made in larger dimensions and machined better."

Beyond this product and others that forest product companies already offer, Bingham asks, "What new products can we make that current customers want or need? Are there potential customers out there we haven't even thought about?"

One group of customers that the forest products companies have thought of but will probably pay more attention to are the DIYers.

"Work toward expanding the market pie has begun," Bingham told NFPA members. "But, all in all, as a group—associations and producers—we need to do more to move promising new products to the consumer."

* * *

As last year ended lumber prices were rebounding somewhat as a result of a buying surge that followed the decline in the prime rate and the threat of labor problems for the British Columbia Railway.

Prices were still off from a year ago. The Random Lengths price for s-p-f studs was about $150 per thousand bd. ft., compared to $170 in December 1983.

FUTURES

Two weeks ended Dec. 6, 1984

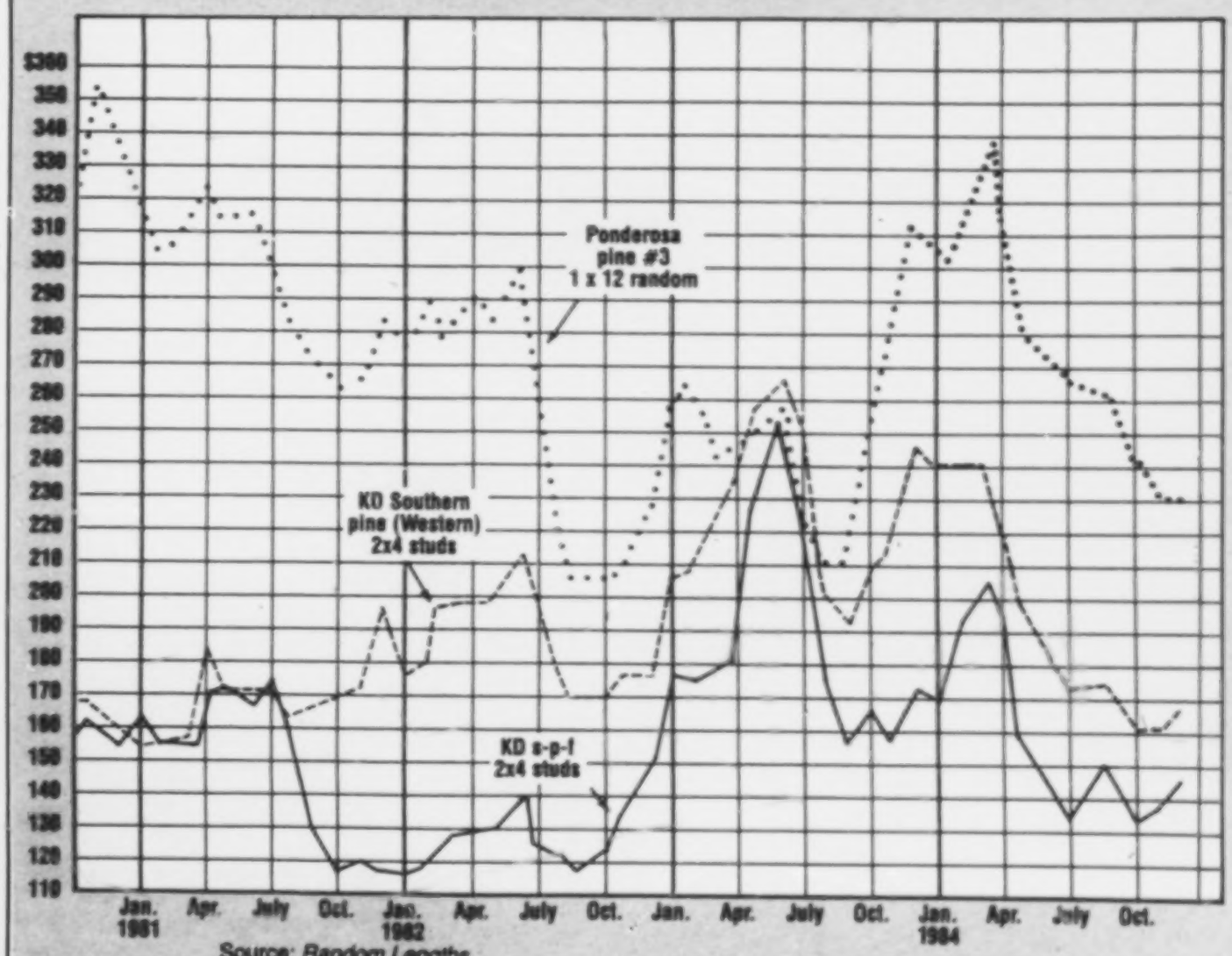
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Jan. '85	157.20	145.50	145.70	154.20	3,913	221.30	130.30
March	165.60	155.20	155.40	163.80	2,081	220.40	139.30
May	172.70	164.30	164.30	170.80	1,244	225.00	147.00
July	178.40	169.90	170.50	176.60	733	230.50	153.00
Sept.	180.50	172.90	173.00	179.20	555	197.50	157.50
Nov.	180.70	172.80	173.00	179.20	414	186.10	167.30
Jan. '86	186.00	178.50	178.50	184.50	131	187.20	175.80

Total Contract Vol. (Through 12/6): 22,542 — Previous Two Weeks: 14,220
Total Open Interest (As of 12/6): 9,094 — Previous Week: 9,513
Cash Price: $153.86 — Previous Week: $156.80 — Year Ago: $170.52

CME—Chicago Mercantile Exchange
*Figures for Thursday, Dec. 6.
Open interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

Lumber prices last fall did not strengthen significantly, although as the year ended the drop in interest rates stimulated a buying spurt among dealers that caused prices to spike somewhat.

KD southern pine (western) 2x4 studs sold for $161, $162 and $168 per thousand board feet in September, October and Nobemver, respectively.

A thousand board feet of KD s-p-f studs sold for $134, $138 and $143 for those months, while the prices for ponderosa pine #3 1x12's were $242, $231 and $230 per thousand board feet for September, October and November, respectively.

NHCN's 1985 METRO MARKET OUTLOOK

Chains draw new market battlelines

Detroit braces for warehouse mania; 2nd tier markets see flurry of activity

NATIONAL REPORT — Will Detroit's home improvement market emerge as the next Dallas for growth? Can Philadelphia be a magnet for new stores the way Denver has?

And will the sales and earnings expectations of dealers moving into Nashville, Salt Lake City and a host of other "secondary" markets be met?

Retailers are about to learn the answers to these questions this year, as many chains are "discovering" northern markets and those with smaller populations as areas for expansion.

While it cannot be said that growth has receded appreciably in the Sunbelt, which has been like catnip to the industry for more than five years, dealers are now also looking to establish stronger footholds in markets that, until recently, have been ignored or left dormant.

Detroit, the fifth largest market for building materials and hardware sales in the country, is about to become the industry's "Warehouse Central," as Builders Square and The Home Depot each prepared to move in with six units. Forest City, whose eight stores have monopolized this market for years, has begun converting its units into warehouses in anticipation of the coming storm.

Two years ago, Handy City, with three stores, was the only chain with any presence in Nashville. But already, Lowe's has added three units, bringing its total to four, and two major warehouse chains—Mr. HOW and Homecrafters—will be in the market this year.

Salt Lake City used to be dominated by only one chain—Ernst Home Centers—and a raft of independents like Samon's and Anderson Lumber. But within recent months Fred Meyer has moved in with five, full-line home and garden stores; Skaggs opened two more stores and now has four in the market; Sutherland Lumber opened its second unit here in the spring, and will add a third in 1985. For its part, Ernst has targeted all its Salt Lake stores for renovation and remodeling.

Even though Philadelphia's population is expected to grow by less than 1% through 1988, it remains the fourth largest market for building materials and hardware sales, and its disposable income over the next four years is projected to expand by more than 50%. These facts have recently dawned on many chains, including Mr. HOW, Hechinger, Rickel, Channel and Mr. Goodbuys, all of which have either opened new stores here recently, or will be adding new units to this ripening market in 1985.

This is not to say that the increased competitiveness and diminishing availability of land and/or second-use sites in the more traditional growth areas are keeping chains from expanding there. It does appear, though, that these huge southern markets are becoming venues of growth only for the largest of companies or the developing warehouse operations.

The acquisition by The Home Depot of Bowater in Dallas is bound to make that market even more volatile, and its head-to-head confrontation with Payless Cashways there should set off the same kind of fireworks these two companies produced in Phoenix last year.

In Atlanta, Home Depot will simply be expanding its already dominant market share when it opens two new stores this year. And, it remains to be seen what effect Homecrafters' plan to have five warehouses in Denver by year's end will have on the commanding position Payless' 17 Hugh M. Woods stores have there.

However, one of the brighter features of these burgeoning metro markets—their housing industries—are expected to decline over the next two years, and the potential for growth in places like Dallas or Houston or Phoenix or Denver, where so many home centers have placed stores, becomes a question mark.

In fact, housing throughout the country has sagged. Total starts in 1984 were estimated to be 1,745,000 units, an increase of only 2.5% over the previous year, according to figures from the National Assn. of Home Builders. And there was a 2% decline in single-family home construction to an estimated 1,047,000 last year.

Still-high interest rates continue to slow the expansion of the housing market. Long term, 25-year conventional mortgages for new homes peaked in July at 15.23%, and still hovered above 14% through November, according to the Federal Home Loan Bank Board. Mortgage rates for existing homes, while slightly lower, have still impeded purchases, as manifested by the only 5% jump in the resale of existing homes to 2,851,000 units last year, according to estimates by the National Assn. of Realtors.

The overall slowdown in housing does not appear to have fazed building materials sales, which stood at $51.23 billion through the first nine months of 1984, a 16.5% gain over the same period in 1983, according to the Census Bureau. Advance October sales were $5.7 billion for the month.

Part of these building materials sales gains is attributable to the explosion of warehouse stores in particular and the industry in general throughout the country. However, many of the markets in the Sunbelt and West have been exhausted by these companies' furious expansion and competition, which explains why northern metro markets are becoming more alluring.

As for the smaller markets in all sectors of the country, it seems the demographic profiles in each will determine whether home centers move in, as many industry executives now deify the young, affluent homeowner as their primary consumer target. A city or market that cannot attract the "yuppie" class stands a poor chance of emerging as a home improvement arena.

Gerald A. Kopp, president of the Koppar Corp., a successful Atlanta builder, is currently developing a 400-house luxury subdivision southeast of downtown, called Manderley. For the slowly developing southside of Atlanta, long neglected by local builders, Manderley is the impetus for development in the mostly rural Henry County. "It takes a community like this to bring police, fire and schools up to a high standard of efficiency." Atlanta metro market report, pages 27-28.

Metro Market Outlook Index

Dallas 24, 27
Atlanta 27, 28
Philadelphia 31, 34
Nashville 34, 35
Denver 36, 37
Detroit 1, 38
Salt Lake City/Ogden 39, 42

Retail building material and hardware sales

1983 Rank	Metro area	Sales (in millions)
1	Los Angeles/Long Beach	$ 1,455.4
2	Chicago	1,014.4
3	Houston	952.8
4	Washington	836.3
5	Detroit	815.8
6	Boston/Lawrence/Salem/ Lowell/Brockton	781.4
7	Anaheim/Santa Ana	701.6
8	Minneapolis/St. Paul	697.4
9	Seattle	677.9
10	Philadelphia	647.4
11	Atlanta	611.2
12	New York	603.4
13	Riverside/San Bernardino	591.8
14	San Diego	582.7
15	San Jose	479.7
16	Pittsburgh	458.2
17	Nassau/Suffolk	451.1
18	Baltimore	430.3
19	Dallas	420.2
20	Tampa/St. Petersburg/ Clearwater	413.2
21	Sacramento	401.0
22	Denver	384.9
23	Oakland	380.9
24	Fort Worth/Arlington	369.0
25	St. Louis	354.3
TOTAL TOP 25		15,512.3

1983 Rank	Metro area	Sales (in millions)
26	Phoenix	$ 339.5
27	San Francisco	321.9
28	Charlotte/Gastonia/Rock Hill	314.5
29	Miami/Hialeah	313.2
30	Indianapolis	307.4
31	Fort Lauderdale/Hollywood/ Pompano Beach	303.7
32	Cleveland	295.9
33	Newark	291.4
34	Norfolk/Virginia Beach/ Newport News	288.7
35	Kansas City, Mo.	279.9
36	Greensboro/Winston-Salem/ High Point	277.5
37	Columbus, Ohio	264.8
38	Louisville	256.3
39	Cincinnati	253.6
40	Portland, Ore.	253.4
41	Milwaukee	252.5
42	Oklahoma City	249.6
43	Bergen/Passaic	243.5
44	Bridgeport/Stamford/ Norwalk/Danbury	242.7
45	Birmingham	241.1
46	Austin	236.8
47	Salt Lake City/Ogden	234.2
48	Tulsa	226.4
49	Hartford/New Britain/ Middleton/Bristol	225.2
50	New Orleans	219.2
TOTAL TOP 50		22,247.9

1983 Rank	Metro area	Sales (in millions)
51	Orlando	$ 216.7
52	Akron	213.3
53	Nashville	212.9
54	Jacksonville, Fla.	198.4
55	Richmond/Petersburg	194.2
56	Baton Rouge	186.8
57	Rochester, N.Y.	184.3
58	Knoxville	182.5
59	Memphis	181.7
60	Beaumont/Port Arthur	180.7
61	Providence/Pawtucket/ Woonsocket	177.5
62	Greenburg/Spartanburg	175.2
63	Dayton/Springfield	174.1
64	Johnson City/Kingsport/ Bristol	173.0
65	Grand Rapids	171.1
66	San Antonio	171.2
67	Las Vegas	169.5
68	Monmouth/Ocean	169.1
69	Middlesex/Somerset/ Hunterdon	168.4
70	Santa Rosa/Petaluma	164.1
71	Albany/Schenectady/Troy	158.4
72	Des Moines	155.0
73	Bakersfield	150.3
74	Fort Myers/Cape Coral	147.4
75	Buffalo	146.2
TOTAL TOP 75		26,669.9

1983 Rank	Metro area	Sales (in millions)
76	Lancaster	$ 143.8
77	Wichita	140.8
78	Mobile	140.6
79	Little Rock/North Little Rock	137.2
80	Scranton/Wilkesbarre	136.7
81	Fresno	135.8
82	Harrisburg/Lebanon/ Carlisle	135.7
83	Wilmington, Del.	135.2
84	Amarillo	135.2
85	Springfield, Mass.	135.0
86	Gary/Hammond	131.8
87	Allentown/Bethlehem	129.1
88	Reno	128.8
89	Lake County, Ill.	127.1
90	Raleigh/Durham	126.6
91	Lakeland/Winterhaven	124.4
92	Eugene/Springfield	124.0
93	Syracuse	122.2
94	Charleston, S.C.	120.4
95	Tacoma	120.4
96	Melbourne/Titusville/ Palm Bay	120.0
97	West Palm Beach/Boca Raton/Delray Beach	119.9
98	Boise	118.6
99	Peoria	118.5
100	Daytona Beach	117.0
TOTAL TOP 100		29,896.6

Source: Sales & Marketing Management's 1984 Survey of Buying Power

NHCN's 1985 METRO MARKET OUTLOOK

Chains stake claims for share of Dallas market

The Dallas market at a glance

Demographics	1978	1983	% change	1988	% change
Population (thousands)	2,711.10	2,182.00	– 9.5	2,482.30	+13.8
Households (thousands)	953.90	812.40	–14.8	948.80	+16.8
Effective buying income (billions $)	20.30	25.01	+23.2	42.33	+69.3
Average household effective buying income (thousands $)	18.57*	30.80	+65.8	44.62	+44.9
Total retail sales (billions $)	12.14	14.27	+17.5	24.21	+69.7
Per household retail sales (thousands $)	12.73	17.57	+38.0	25.52	+45.2
Building materials/hardware sales (millions $)	473.10	420.30	–11.2	NA	—

Source: Sales Marketing Management Survey of Buying Power® *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	50,000	112,500	+125.0	82,900	–26.3	66,900	–19.3
Single family	26,400	47,700	+ 80.7	37,800	–20.8	33,500	–11.4

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	74.0	76.0	83.4

Source: National Assn. of Realtors, local real estate boards NHCN charts

DALLAS — This city grabbed the home center industry's attention last year when Home Depot bought Bowater, based here, in late November, and Handyman sold off its nine Homer's units during the summer.

Yet these changes hardly reflect the intense competition within this aggressively expanding city/metropolitan complex, which doubled in population between 1970 and 1980, and which is expected to double again by the end of the century.

Despite the heat of competition here, some retailers feel optimistic about the potential for growth. The population includes a large number of young, affluent, well educated individuals who have been arriving in the wake of increased business migration to the Metroplex, as the four-county Dallas/Fort Worth area is called.

Home Depot executives are not only planning to increase the volume of the existing ex-Bowater units to Home Depot levels; the Atlanta-based chain is planning to add more stores in the market.

"We feel we have a great future in this market. The large, expanding population, good economy and good income levels make Dallas a very attractive place to be," said Ron Brill, senior vice president.

Although some industry insiders feel the market is already well on the way to being overstored, "it isn't from our point of view," said Brill. "There are no other warehouse chains in the market."

The metroplex may be an open market for warehouse stores, but there are a considerable number of regular home centers already there.

There are 13 Payless Cashways units, with two new stores earmarked to open in early 1986; 18 Handy Dans; 10 Boise Cascades; 5 Sutherlands; 2 84 Lumbers; as well as many independents affiliated with the major wholesale cooperatives.

So, warehouse stores aside, this market, in the words of one Home Depot/Bowater store manager, may be "already heavily saturated with home center stores."

Fred Held, president of the independent Elliott's Hardware, who does not see home centers as his direct competitors, agrees. Talking about the home center stores in the city, he said, "It's becoming so competitive here that, just as with the discount houses in the 60's and 70's, some of the companies that have entered the market will eventually start drifting away. After all, there is only so much money out there for us all to fight over."

Dallas home centers

Company	No. of stores
Handy Dan	18
Payless Cashways	13*
Boise Cascade	10
Home Depot	6**
Sutherlands	5
84 Lumber	2

*One store under construction
**Two new stores planned to open in 1986
Source: NHCN research

Building materials, lumber and hardware sales totaled $789 million in the metroplex—$420 million in Dallas and $369 million in Fort Worth/Arlington—in 1983. This accounted for 4% of the area's combined total retail sales, which would rank the metroplex seventh in the nation for retail sales, and sixth in the nation for building material, lumber and hardware sales, according to Sales & Marketing Management's 1984 Survey of Buying Power.

Payless Cashways has the largest share of this market, with sales estimated by *National Home Center News* to be approximately $98 million.

The six stores bought by The Home Depot had an estimated total volume of $60 million in 1984, according to *NHCN* calculations. Home Depot expects to increase that volume to about $100 million. The chain plans to add more stores in Dallas, perhaps doubling the number of units.

The intensifying competition among home centers here is exemplified by the fact that five years ago there were far fewer stores. Then, Bowater didn't exist, Boise Cascade had only just entered the market, and

(Continued on page 27)

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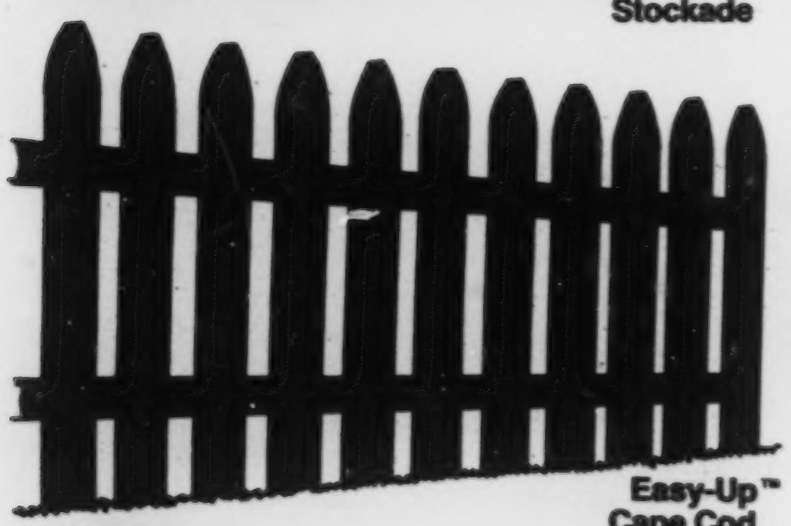

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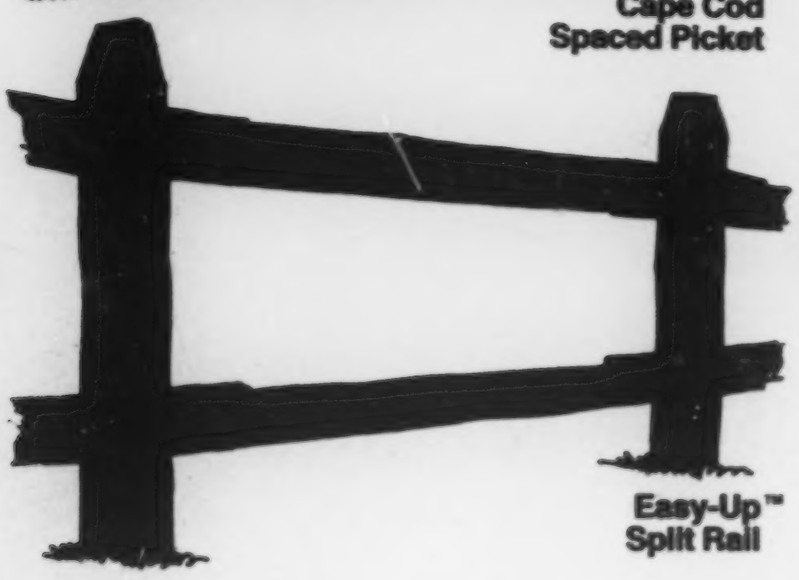

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Home centers target northern Atlanta suburbs

ATLANTA — A white-collar yuppie town where the average age is 29.5 years, the median household income is $25,804, unemployment is 4.5% and the average cost of a new home is $75,000, Atlanta is a very "hot town."

A city literally busting at the seams, economists, area planning groups and national organizations tracking the city's progress, can't seem to define its borders. Groups see Atlanta as 5, 7, 11, 15 and 18 counties big, making statistical information difficult to evaluate. Home center executives, however, know exactly where to locate their businesses, in the northern suburbs, especially in the high growth areas of Gwinnett and Cobb Counties. (Statistics in this issue apply to the 18-county area.)

"If you haven't been successful in this market, you won't be," declared Dick Rose, general marketing manager for Georgia Pacific's distribution division, the major supplier of plywood, lumber, gypsum, nails and roofing for the Atlanta market. Atlanta home center business is "stronger than a bear's breath. It's an incredible market," Rose said.

For the 18-county boom town, "The problem is coping with the new growth, not attracting new growth," asserted George Berry, commissioner of Georgia's Department of Industry and Trade.

As the service/transportation/financial/communication/warehousing capital of the Southeast, Atlanta grew economically in 1984 at an annual rate of 14% that is unprecedented and unsustainable by most standards, according to Donald Ratajczak, director of the Economic Forecasting Project at Georgia State University. He said 1985 should be more "normal" with a 5% to 5½% growth rate.

Construction of all kinds is everywhere and includes the city's major roadways and its rapid transit system (MARTA). Congestion on the roads and in the suburbs is increasing.

Growth here, however, is still rather lopsided, going north and staying there. The

(Continued on page 28)

The Atlanta market at a glance

Demographics	1978	1983	% change	1988P	% change
Population (thousands)	1,874.90	2,320.00	+23.7	2,564.00	+10.5
Households (thousands)	639.30	839.70	+31.3	952.40	+13.4
Effective buying income (billions $)	13.24	24.38	+84.1	41.92	+71.9
Average household effective buying income (thousands $)	18.27*	29.03	+58.9	44.02	+51.6
Total retail sales (billions $)	7.83	12.39	+58.2	20.78	+67.7
Per household retail sales (thousands $)	12.24	14.75	+20.5	21.81	+47.8
Building materials/hardware sales (millions $)	481.70	611.30	+29.9	NA	NA

Source: Sales Marketing Management Survey of Buying Power* *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	24,720	45,190	+82.0	51,305	+13.5	44,075	−16.4
Single family	17,665	29,530	+67.1	31,270	+ 5.8	27,830	−11.0

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	55,300	63,000	64,600

Source: National Assn. of Realtors, local real estate boards

NHCN charts

Chains stake claims for share of growing Dallas metro market

(Continued from page 24)

Payless Cashways only had seven units in the area.

Also, total newspaper ad linage in Dallas' two major newspapers has jumped considerably. Total ad linage for the major home center chains doubled in 1983—the year Bowater appeared—from 1982. Linage for the first half of 1984 almost equaled the total ad linage output for 1983.

The heated up competition here reflects the growing, affluent population: The median age in Dallas is 29.4 years, and 70% of all Dallas residents who earn between $25,000 and $50,000 a year are in the 18- to 44-year-old age bracket, according to the *Dallas Times Herald*.

The metroplex was America's most active housing market in 1983, with over 33,000 single-family home permits issued. It also ranked third in residential resales, beaten only by Los Angeles and Chicago.

The amount of apartment and condominium building has soared in recent years. However, the burgeoning population seems to prefer moving from rented apartments to single-family houses rather than to condos, according to real estate market observers. Consequently, condominium building declined in 1984 due to lack of demand and overinflated prices.

Existing home prices shot up by almost 10% last year—double the national average. The National Assn. of Realtors expects Dallas' existing home prices to continue rising faster than the national average rate.

As with the rest of the country, total housing starts are expected to decline. However, with so many empty condos and an ever-increasing population, declining housing starts do not necessarily spell a falling rate for home sales, or decreasing retail sales for home centers, in the coming year.

The number of households in Dallas alone is projected to rise over 14% from 812,000 in 1983 to 949,000 in 1988. In addition, average household effective buying incomes are expected to rise by almost a third in the five years following 1983.

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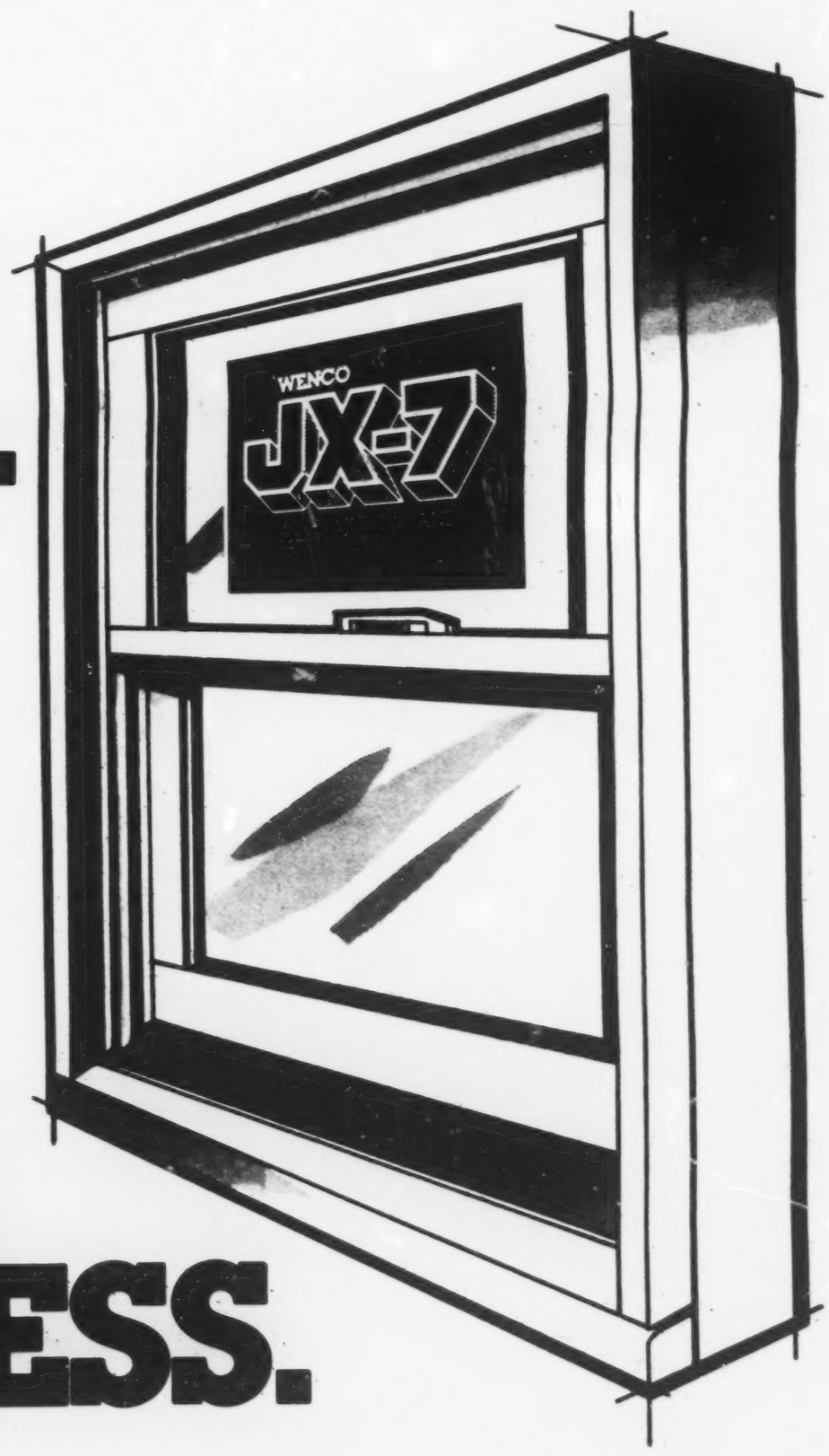

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NHCN's 1985 METRO MARKET OUTLOOK

Home centers target northern Atlanta suburbs

(Continued from page 27)
four-year-old Hartsfield Atlanta International Airport, located in south Atlanta—employing 23,000 people—has yet to stimulate real growth in the area. Industry, office buildings and residential development is heavily weighted in the north Atlanta region where nearly all of the city's home center stores are located.

The concentration of home centers in one area of the region has created a very competitive climate in the city, which many retailers say is saturated. "It will get tougher, most especially for the independents," commented Hunt Fulwiler, divisional vp of West Building Materials Centers, the 66-unit Atlanta-based chain with 14 area stores.

Competition is aggressive among the big home center chains in Atlanta represented by West, the Home Depot's 4 stores, Lowe's 7, Williams Brothers' 8, Handy City's 14, Wickes' 7 and 84 Lumber's 3.

Advertising dollars are spent largely on targeted segments of the population where direct mail circulars, tabloids and flyers dominate. Newspaper advertising is strong also in both suburban papers and in the city's only daily, *The Atlanta Journal/Constitution*. But the lion's share of public attention is still focused on The Home Depot, the warehousing retailer most other retailers in Atlanta admit is everyone's competition.

"We will get as aggressive as we need to get to keep our share of the market—as in advertising and service rather than just in price," declared Fulwiler.

Arthur Blank, president of Atlanta-based Home Depot, said the chain is committed to dominating the market here. He said he agrees with estimates that his company has between 35% and 40% of the market share here. "We will continue to expand with the market, obviously," he commented after announcing that 1985 will bring the addition of stores No. 5 and No. 6 in Atlanta, both of which will be 80,000 sq. ft. One is under construction in rapidly growing Gwinnett County across from the Gwinnett Place Mall, and the other is in bustling Cobb County.

Williams Brothers, an eight-unit Atlanta-based building materials company with 26 concrete plants and six block plants, is investing in Atlanta's strong economy. Jim Stansberry, store operations vp, said the company will position itself across from the Gwinnett Place Mall and in east Cobb County with its 50-50 contractor/retail stores. The company operates more as a "community building yard" with a four- to five-mile trading radius, something Stansberry said contributes to its success. In fact, he said his retail business has increased 10% per year since The Home Depot entered the market.

Commenting that "the DIY business is thriving in Atlanta," Gerry Smith, gm of the Marietta-based Smith Hardware Co. (no relation), has announced the hardware/gift store is opening a new location this summer in another thriving suburb, north Fulton County.

What Smith Hardware and other smaller chains have done to assure themselves a viable segment of the market, has been to refine their businesses to suite the neighborhood they serve.

For example, Smith said his new store will have a "feminine" flair, catering to the wealthier customer interested in gift items. The company's Decatur store, however, is a "male-oriented" store specializing in hard lines.

Still others, like King Hardware a four-unit company, Ply-Marts, with two Atlanta locations, and the four-store Lummus Supply Co., have learned that emphasizing the company's service and high quality merchandise wins loyal, longstanding customers.

The lucrative home center industry is only one part of a growing Atlanta economy. As a whole, Atlanta is a bustling town that in 1984 created between 70,000 and 75,000 new jobs in all sectors.

James Pihera, economist with Citizens and Southern National Bank, noted the economic activity in the 18-county Atlanta region accounts for 45% of the state's total economy. The area also boasts that 490 of the Fortune 500 companies have offices in the city.

Ranked in population, the 10th largest American city, with 2.3 million people, the Atlanta region is essentially located in north Georgia with boundaries that stretch almost to Macon in central Georgia, in the south; east to Athens; west to Alabama, and north to the north Georgia mountains.

The high concentration of people, the diversity of the job market and its relatively high income level have given the Atlanta region the lowest unemployment rate in the state.

Atlanta home centers

Company	No. of stores
West Bldg. Mat'ls	14
Williams Bros.	8
Handy City	7
Lowe's	7
Wickes	7
Home Depot	4*
Lummus Supply	4
Smith Hardware	4
King Hardware	4
84 Lumber	3
Ply-Marts	2

*2 stores planned in 1985
Source: *NHCN* research

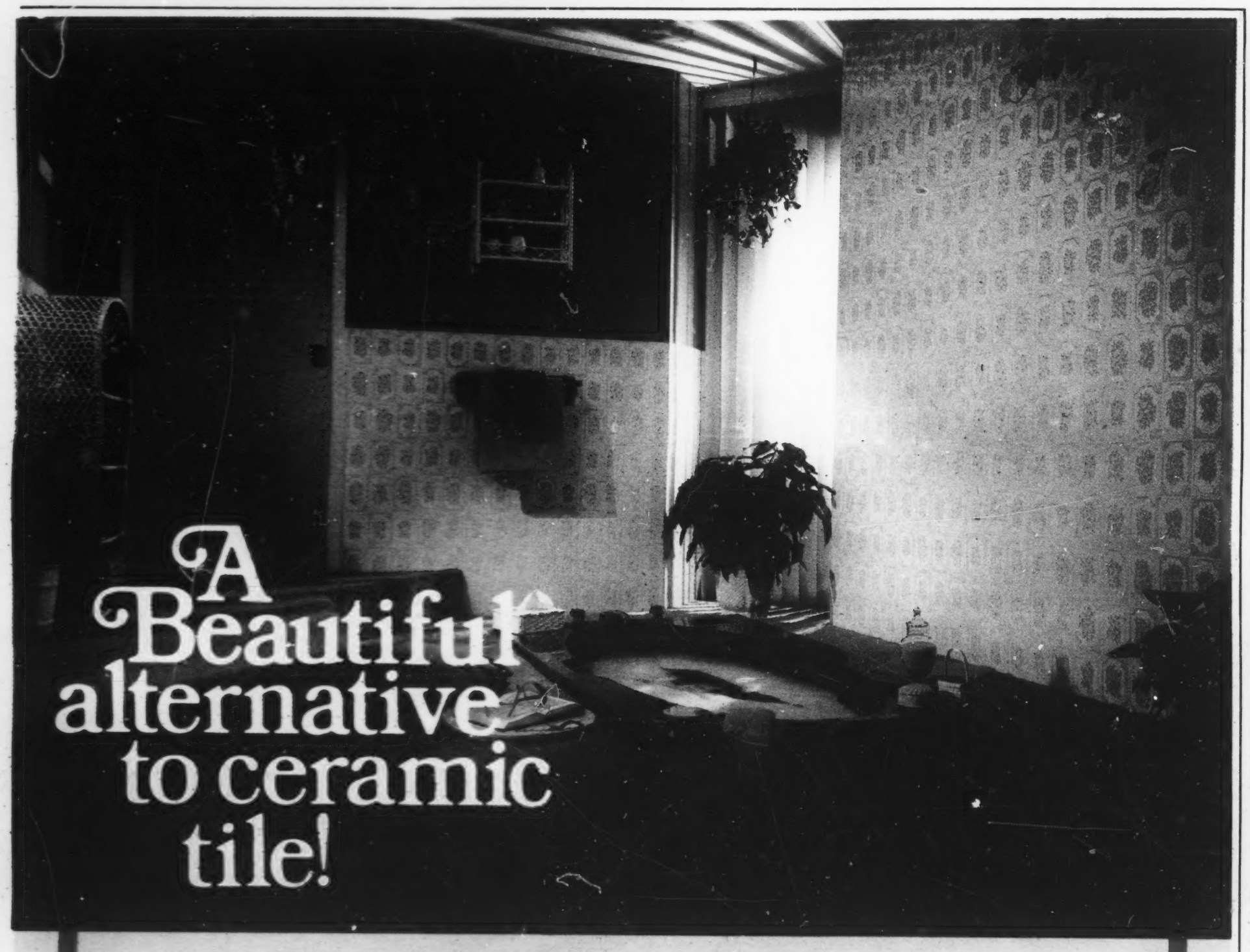
"What we have is Atlanta and the rest of Georgia," commented John Ard, Georgia labor department spokesman. Georgia's umemployment rate for September, the most recent figures available, stood at 5.8% compared to Atlanta's 4.5%.

Atlanta's services-based economy gives it a natural cushion against recession. According to Department of Labor statistics, the three largest employers of Atlantans are the retail/wholesale trade, with 330,700 people, 210,600 of whom are employed in the retail sector; the other services category, where 258,800 people are employed and government, at 169,700 workers.

In what many have termed a flat year for new housing starts, Atlanta is projected to record a 13.5% gain of 51,305 new starts, according to the National Assn. of Home Builders. The 18-county area is predicted to chart 5,115 more permits in 1984 than it did in 1983.

The Home Builders Assn. of Metropolitan Atlanta—which tracks activity of only 11 metro counties—reported 34,816 new starts for the first 10 months of the year. Its statistics include single-family townhouse, multi-family and condominium permits.

New home construction, as with the rest of the region's development, is not uniform throughout the area. The boom county of Gwinnett produced 10,649 new starts through October compared to Forsyth County, located northeast of the city, which tallied just 573 new permtis for the same period.



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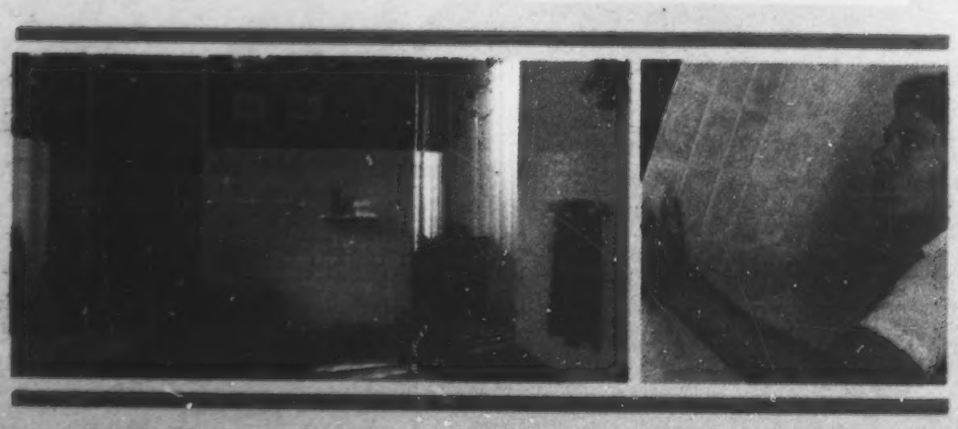

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NHCN's 1985 METRO MARKET OUTLOOK

Mr. HOW plays warehouse role in Philadelphia story

PHILADELPHIA — Mr. HOW has entered the battle for the lucrative Philadelphia market establishing its beachhead right in Hechinger's front yard.

On Nov. 29, the Florida-based chain opened the doors to two warehouse stores—in Turnersville N.J., and Langhorne, Pa. The Langhorne unit is located in the Oxford Valley shopping center, which is already anchored by a Hechinger.

On Friday night, the day after Mr. HOW's grand opening, business was booming at the 80,000-sq.-ft. Langhorne location. Parking spaces were at a premium and browsing room in the warehouse store was minimal. At the nearby Hechinger, on the same night, salesmen outnumber customers, prompting a Hechinger employee's remark that "business has been off for the last few days because of the HOW opening."

Customers were attracted to Mr. HOW by curiosity and by prices such as Westinghouse light bulbs for 9¢ each, Glidden latex ceiling paint at $3.97 a gallon and Armstrong 12-ft.-wide vinyl flooring for $6.75 per square yard.

Saleshelp was plentiful as over 100 of the total 140 yellow-shirted Mr. HOW workers were on duty that evening. Even though most of the HOW people appeared to be part-timers, they were well indoctrinated. When asked about the swarm of workers, one young man in the lighting department commented, "We're service-oriented . . . service is the name of the game."

Naturally, these observations of a particular market segment were made during the hoopla surrounding a home center's grand opening. When the dust clears in this part of Bucks County and business settles down to normal at Mr. HOW, nearby home centers will certainly be on the counterattack. Nevertheless, the entry of Mr. HOW to the Philadelphia market adds a new dimension to home center retailing in the area.

The arrival of this warehouse chain in the region is another change in a market that has witnessed many phases and fads over the years. Ron Kaleck, owner of independent Ronnie's Home Decorating Center, has over 20 years in the business. He commented: "In Philadelphia, 20 years ago, a guy could do well just selling paneling, suspended ceilings, molding and some flooring. But in the early 1970's, Channel and Grossman's entered the city and the competition got tough."

Independents like Kaleck had to adapt or go out of business. Kaleck dropped plywood, lumber, gypsum and roofing materials and loaded up on decorative items. "We've had to find our particular niches because we couldn't compete against the chains across the board," he added. Over the years, Mr. Goodbuys, 84 Lumber, Rickel, Hechinger and Wickes moved in. Both Rickel and Hechinger have used the market to experiment with warehouse retailing.

What attracted Mr. HOW and other chains to Philadelphia? Pat Sher, Mr. HOW's president, answered: "Philadelphia is the kind of large metropolitan area with the population that we're looking for. Near our Langhorne store, for instance, you have a large amount of existing housing units in Levittown as well as the ongoing construction of more residential housing nearby."

But the population and housing figures do not even tell a small part of the Philadelphia story. The Sales and Marketing Management 1984 Survey of Buying Power projects an unimpressive 0.06% growth in the population of the eight county Philadelphia metropolitan area between 1983 and 1988. The National Association of Home Builders estimates that 1984 new housing starts were up 5.3% over 1983 and the figure will go up another 8.7% for 1985—less than thrilling numbers.

Some other statistics, though, point to the attractive opportunities for home centers

(Continued on page 34)

The Philadelphia market at a glance

Demographics	1978	1983	% change	1988P	% change
Population (thousands)	4,792.30	4,725.10	– 1.400	4,758.00	+ 0.069
Households (thousands)	1,636.90	1,696.50	+ 3.600	1,761.30	+ 3.800
Effective buying income (billions $)	34.32	49.89	+45.400	78.65	+57.600
Average household effective buying income (thousands $)	18.68*	29.41	+57.400	44.65	+51.800
Total retail sales (billions $)	17.14	22.40	+30.700	34.800	+55.300
Per household retail sales (thousands $)	10.47	13.20	+26.100	19.76	+49.700
Building materials/hardware sales (millions $)	644.80	647.40	+ 0.040	NA	—

Source: Sales Marketing Management Survey of Buying Power© *median HHEBI E—estimate P—projection NA—Not available

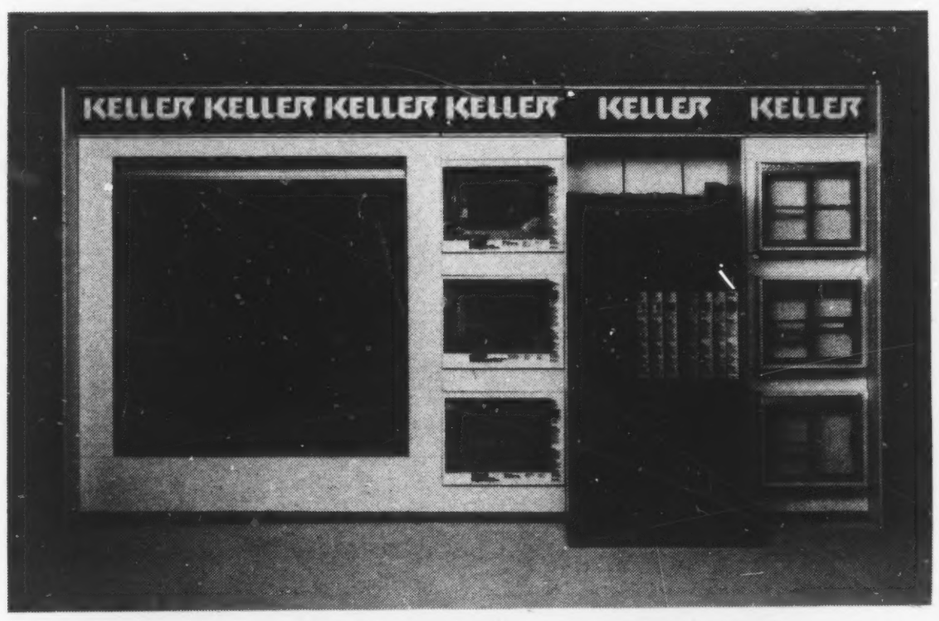
Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	8,330	15,188	+82.3	16,000	+5.3	17,400	+8.7
Single family	5,630	10,990	+95.2	12,000	+9.2	12,960	+8.0

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	58.1	59.6	59.5

Source: National Assn. of Realtors, local real estate boards

NHCN charts



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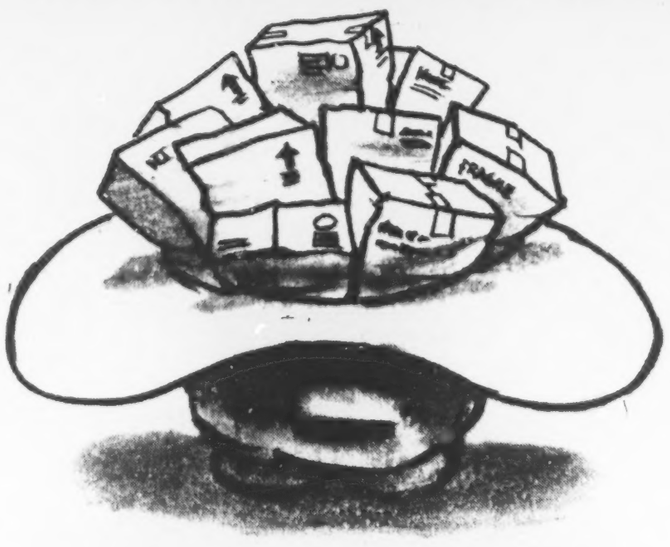

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Philadelphia home centers

Company	No. of stores
Channel	22
Grossman's	9
Rickel	6
Hechinger	5
Mr. Goodbuys	3
Mr. HOW	2
84 Lumber	2
Wickes	2

Source: *NHCN* research

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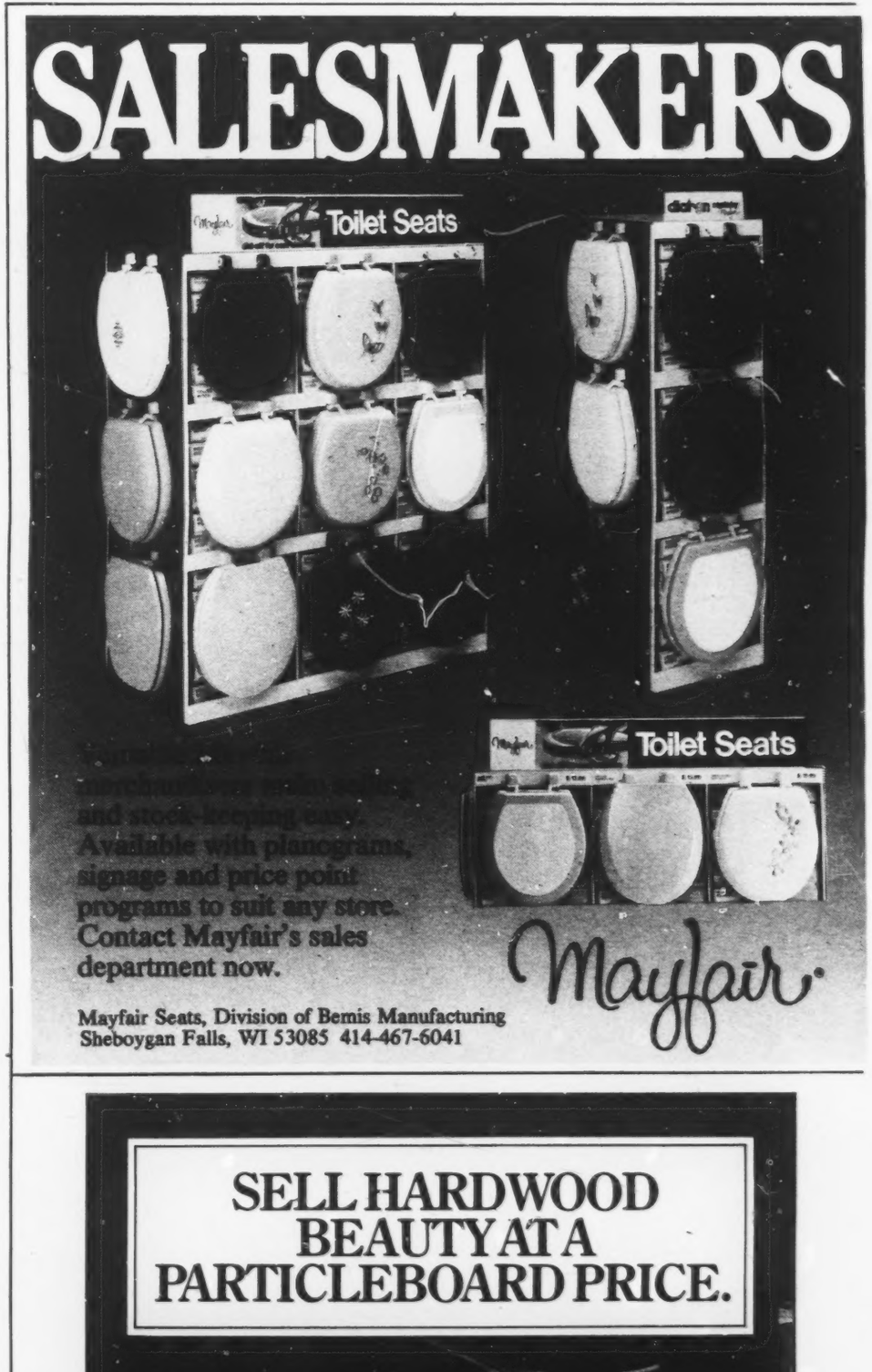

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NHCN's 1985 METRO MARKET OUTLOOK

Nashville heats up as 2nd tier battleground. . .

NASHVILLE — When Barbara Murphree heard that Homecrafters Warehouse was holding a grand opening for an 80,000-sq.-ft. store in this city last fall, she drove 30 miles from her home in White Bluff, Tenn., to shop there.

In many ways, she typified the new category of shopper being catered to by the growing number of home centers here. After hiring a contractor to build the shell of their new home, she and her husband decided to do the interior work themselves.

"I'm making the decisions on what items to buy," she said. "My husband is just O.K.-ing the prices."

Shoppers like Ms. Murphree have more store choices than ever before in Nashville, one of the healthiest cities, economically, in the state. Over the past year Homecrafters Warehouse opened two stores, while Lowe's increased its presence in the market by purchasing four Homecrafters home centers and closing its existing store. Mr. HOW Warehouse is about to open its first unit here, with another unit anticipated.

The rash of new home centers has taken Nashville by surprise. For years, the city was served by more traditional outlets from Lowe's, Handy City, Homecrafters, 84 Lumber and some two dozen independents. Now, in a reflection of a larger effort on the part of the home center industry to exploit second tier markets below the top 50 metropolitan areas, the picture is changing, practically overnight.

"I am going to shop at some of the other stores before I buy," concluded Ms. Murphree, with the idea of finding the best quality merchandise. "For me, selection is more important than price."

Home centers in the city see the female shopper as an important key to their success in this growing competitive market.

"Women are making more decisions about what goes into their homes," said Larry L. Meyer, retail sales manager at a Lowe's store, just south of

(Continued on page 35)

The Nashville market at a glance

Demographics	1978	1983	% change	1988*	% change
Population (thousands)	796.60	889.50	+11.7	953.10	+ 7.2
Households (thousands)	278.60	320.70	+15.1	349.70	+ 9.0
Effective buying income (billions $)	5.15	8.95	+73.8	15.31	+71.1
Average household effective buying income (thousands $)	15.99*	27.92	+74.6	43.79	+56.8
Total retail sales (billions $)	3.25	5.04	+55.1	8.35	+65.7
Per household retail sales (thousands $)	11.67	15.72	+34.7	23.88	+51.9
Building materials/hardware sales (millions $)	182.20	212.3	+16.5	NA	NA

Source: Sales Marketing Management Survey of Buying Power* *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	2,189	6,720	+207.0	10,600	+57.7	9,600	−9.4
Single family	625	1,252	+100.3	1,160	− 7.3	1,100	−5.2

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	NA	61.0	64.0

Source: National Assn. of Realtors, local real estate boards NHCN charts

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Mr. HOW plays warehouse role

(Continued from page 31)

in Philadelphia. The S&MM Survey places the market for building materials and hardware in the Philadelphia area at $647.4 million in 1983. This makes the Philadelphia area the 10th largest building materials and hardware market, ahead of the hot Atlanta market, which ranks 11th. Also, average household effective buying income and total retail sales should both increase more than 51% from 1983 to 1988.

The concentration of the four home centers in the Langhorne-Fairless Hills area is typical of many Philadelphia suburbs. These home centers draw customers from older communities like Levittown and Fairless Hills as well as from the growing, more affluent Newtown and Yardley communities. In addition, the chains attract consumers from inside Philadelphia, who can use either interstate 95 or Route 1 to easily reach the city's outskirts, and from southern New Jersey.

Mr. HOW joins seven other home center chains as well as numerous independents in the Philadelphia suburbs. Channel, one of the first home centers in the area almost 10 years ago, currently operates 16 suburban locations. Grossman's, the second largest chain in the market, has eight suburban units.

Rickel currently operates six stores in suburban Philadelphia, including a newly opened warehouse store in Warminster, Pa. Rickel president Chuck Davis says, "Philadelphia is a great market for us. In the city, you have tremendous population density. As you move out to the suburbs, you start trading density for higher income."

Hechinger already operates four stores in the market. Mr. Goodbuys, headquartered in Philadelphia, recently opened its first suburban store in Springfield, Pa. Rounding out the suburban list are Wickes and 84 Lumber each having two locations.

While most of the home center chains have stayed in Philadelphia's more affluent suburbs, a few have opened stores within the city itself. "Philadelphia, like many large cities, presents us with difficulty in securing good retail locations," said Hechinger executive vp Philip Mansfield. Rickel's Davis added that higher real estate prices have made many good, inner city locations prohibitive.

Channel is the dominant chain within the city's limits, operating six units. Mr. Goodbuys now has two stores there while Grossman's and Hechinger have one each. The Hechinger unit, which was scheduled to open this month, is that chain's first penetration of inner Philadelphia.

The flight of businesses from Philadelphia during the 1960's and 1970's appears to be reversing itself. Major companies such as Bell Atlantic, CIGNA Corp. and Gould have decided to remain. Other firms are placing major investments in the city

As a reflection of the city's upbeat business climate and the attractive demographics of the eight county area, home center chains expect to place more stores in the region. Roger Harrison of Mr. Goodbuys says his company plans to open another store in New Jersey's Camden County early in 1985 and is close to acquiring several more sites in the Philadelphia market. Hechinger plans to open another suburban store—in Norristown, Pa.—within the next several months. Rickel's Chuck Davis revealed that the chain will open "two or three suburban stores in 1985." These new units, in addition to the two new HOW stores, are guaranteed to further heat up an already hot home center market. In this industry, Philadephia may not seem like the City of Brotherly Love.

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NHCN's 1985 METRO MARKET OUTLOOK

. . . economic diversity spurs rash of openings

(Continued from page 34)

downtown, that was recently enlarged to 21,500 sq. ft. and remodeled to attract just that category of shopper. "A lady came in last month and asked for a screen door, then said, 'is that something I can install myself?'"

If the competitive nature of the market has increased dramatically over the past year, home center operators feel confident that the market can handle the stores that are being added. Not only is the market's average effective per household buying income (EBI) a relatively healthy $27,920, according to Sales and Marketing Management's 1984 Survey of Buying Power, but the diversity of the regional economy should buffer the area from sudden declines in any single industry.

"None of the various industries that are active here are interrelated in such a way that the city will go down the tubes if any one fails," said Don Davis, area general manager of the Nashville region for Lowe's, the $1.7 billion chain of home centers based in North Wilkesboro, N.C.

Other home center operators have commented favorably on the economic diversity of the city. The facts bear them out. No single category of employment accounts for more than 25% of the region's workforce, and most account for considerably less, according to the Tennessee Department of Employment Security.

Home centers should continue to benefit from a healthy economy in the region. The area's unemployment level is 4.5%.

"Nashville is considered a much better place to live than some other cities in the Southeast, such as Memphis, for example," said Steve Wiley, executive vice president for Homecrafters Warehouse, Birmingham, Ala., which now operates two warehouse home centers in the town. Wiley said Nashville has less of a blue collar atmosphere and more of the cultural flavor that tends to accompany an economy oriented to a large extent toward financial and educational institutions.

Home centers are both beneficiaries and victims of the healthy economy here. While the sales floor may benefit in terms of customer count, management stews over finding enough employees to service the public.

Wiley of Homecrafters Warehouse said, "it's tough finding people" in the Nashville market, and Davis of Lowe's reported that the inevitable raiding has occurred because of the influx of new stores.

"With Mr. HOW Warehouse coming to town, our store employees were getting hit with job offers [in late November 1984]," said Davis. "I know of only one employee that we lost to them."

In a market with high employment, Davis had his own work cut out for him getting enough employees for three new stores earlier last year. Essentially, it meant hiring 249 employees over a six-week period. "We didn't have a place to steal people from when we got started," noted Davis wryly, adding that the big warehouse operators like Homecrafters and Mr. HOW were not yet in town. Although Handy City was operating four stores, Davis said that their employees did not have the product training needed by Lowe's.

Home center operators said they were not particularly concerned about the sudden leveling of single-family housing starts last year after the doubling of such starts in 1983 over the previous year.

"When housing starts go down, people start fixing up," commented Wiley of Homecrafters Warehouse.

"I feel the leveling of single-family housing starts was due to the rise in interest rates in the region," said C. W. Foster, president of Kirkpatrick Lumber, a veteran independent outfit in the city that primarily sells roof trusses for new construction. "Since August [1984] it has been at 14%, but recently [in late November 1984] it dropped to 11.7%. Some say interest rates for mortgages will go to the single digits. So 1985 may be brighter, in terms of single-family housing starts, than I thought."

While the home center chains maneuver for their share of the Nashville pie, the old-time independents watch the skirmishes under way with a sense of surprising calm, feeling that there is enough market to go around.

"I thought that the new Homecrafters Warehouse moving in a few miles away from my store would hurt sales, but it didn't," said Brian Crane, president of Inglewood Hardware and Lumber, which has been operating since 1946 near downtown, and which makes 60% of its sales to DIYers.

"I believe there will always be room for the independent," said Billy Kay, president of Kay's Ace Hardware, located a few miles south of the new Lowe's store in Hermitage, a Nashville suburb. "Sales were up to par this year, compared to last.

"Whether business will be as good next year, we'll see."

'I'm making the decision on what items to buy. My husband is just O.K.-ing the prices.'

—Barbara Murphree,
shopper at Homecrafters Warehouse, Nashville

Nashville home centers

Company	No. of stores
Lowe's	4
Handy City	3
84 Lumber	3
Homecrafters Warehouse	2
Mr. HOW	1

Source: NHCN research

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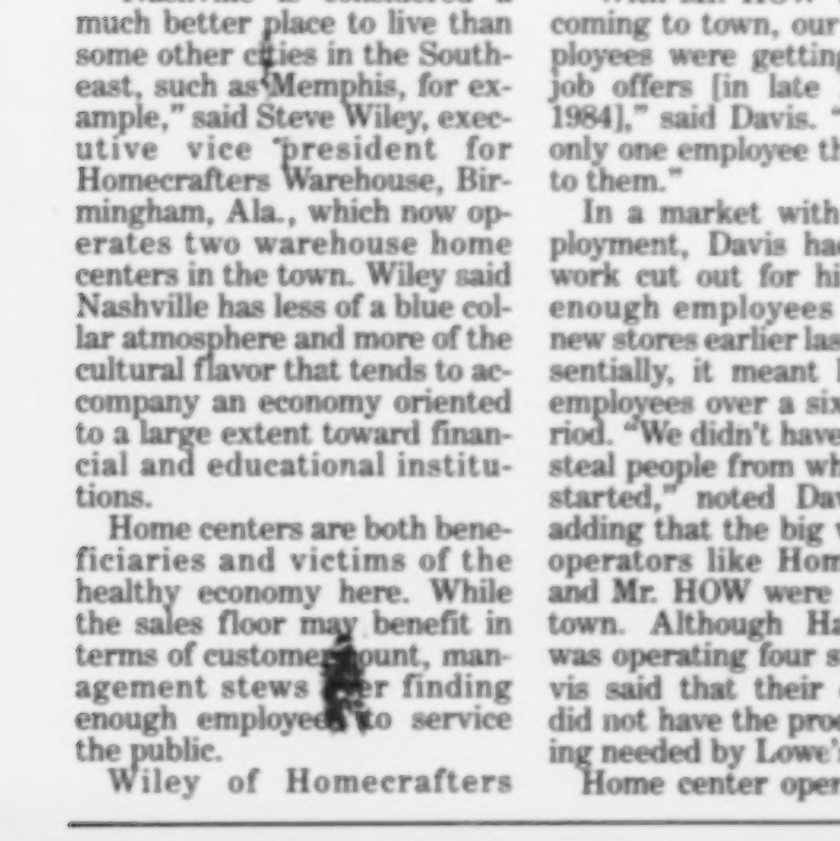

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NHCN's 1985 METRO MARKET OUTLOOK

Denver descends from clouds after 70's skyrocketing growth

DENVER — The mile high city, 5,280 ft. above sea level, has come down from the clouds in recent years, shifting from what one retailing executive said was "almost uncontrolled growth" in the 1970's to a more moderate, but sustainable, expansion.

The days when Denver's population increased by more than 30%, or 381,357, in a decade, as it did between 1970 and 1980, appear to be over. And the market is now wrestling with a host of problems, including air pollution, traffic congestion, industrial overdevelopment, and an economy that has sagged from the decline in the energy industry.

However, this six-county, 4,600 square mile market remains a magnet for the young, well-educated and upwardly mobile—the "Yuppies," as they were dubbed in connection with former Colorado Sen. Gary Hart's presidential bid—looking to improve both their standard of living and "quality of life."

The market has also been a lure for home center chains like Payless Cashways, Handy Dan, Pay 'N Pak, Economy Lumber, 84 Lumber, Sutherland Lumber and newcomers like Homecrafters Warehouse and Tool King, that look to cash in on a greater share of the retail lumber, building materials and hardware pie which, over the past five years, has grown exponentially.

Since 1978, retail sales of these products in Denver have soared 200% to $385 million in 1983, according to date from Sales and Marketing Management's 1984 Survey of Buying Power. These gains, in large measure, can be attributed to the considerable expansion of several home center chains over that period. And, while this rate of growth is not expected to continue through 1990, dealers are optimistic about their stores' future sales and profitability.

Hugh M. Woods, whose stores here were merged with Payless Cashways units in Denver when Payless acquired Woods for $71 million in November 1983, is the undisputed leader, both in terms of price and market share, which is estimated at about 30%. It opened its 17th Denver area store in October, a 20,000-sq.-ft. unit that was called a "hybrid" by Payless' regional executive Stan Boyd.

He explained that Payless has beefed up the merchandise mix in the store to 13,000 sku's, adding broader selections of ceiling fans, toilets, wallpaper, light fixtures and other items. Boyd said that at least half of the acquired Woods units would get similar merchandise facelifts by the end of 1985.

"Denver is not a junk market, and consumers are very concerned about quality here," he stated. "The market has always been price competitive, so customers take low prices as a given."

"Consumers are just getting smarter," added Don Cohen, president of Tool King, a seven-unit tool specialty chain whose sales rose 20% to $7.5 million in 1984, ranking it 162 among the top 500 small companies listed by *Inc.* magazine. "Everything's on sale in Denver all the time, but the $300 purchase of quality goods is not that unusual anymore."

Denver home centers

Company	No. of stores
Hugh M. Woods	17
Handy Dan	7
Tool King	7
Pay 'N Pak	4
Economy Lumber & Hardware	3
Homecrafters	2*
84 Lumber	1

*Has announced opening of three more units in 1985
Source: NHCN research

That quality has become a marketing issue in Denver does not mean, however, that pricing strategies have gone by the boards. While Denver retailers can take solace in Payless' decision not to expand Woods here this year, they can also expect the chain to change ahead with its promotional assault on the market.

NHCN estimates peg Woods' advertising budget in Denver at around $3 million in 1984, far higher than any other competitor. Its presence was ubiquitous in all media, as manifested by the close to one million ad lines it ran with *The Denver Post* alone, compared with about 700,000 run by Handy Dan for its seven units and 300,000 by Pay 'N Pak for its four Denver outlets.

"Woods has been the price leader here for a long time, and with Payless, it can pretty much dictate what prices in Denver are," said John Clark, the *Post*'s retail ad manager.

The price war that Payless and Woods waged has subsided a bit, though. "The acquisition ended World War III, in which our stores got caught in the crossfire," noted Steve Stookesberry, a vice president for Economy Lumber and Hardware, which is currently renovating all three of its stores to attract more retail customers.

With the Woods stores having usurped the price advantage in the market, its competitors have sought other angles, like Economy's remodeling efforts, to corral more market share. These have included a renewed emphasis on customer service (thought by most to be Woods' Achilles heel, especially as all the former Payless units are converting to self-service lumberyards); varying their stores' product mixes, and accelerating their expansion plans.

"In Denver, customer service is everything," said Jerry Dick, who manages Homecrafters' 79,500-sq.-ft. store in the northwest suburb of Westminster, which has been getting around $35 for each retail sale. This unit has 87 employees, and just began accepting American Express.

The problems Homecrafters had earlier this year with structural damage to the roof trusses in its Aurora unit, which forced the company to close that store temporarily, have been resolved, and the store has been reopened to service what is thought to be the fastest growing county—Arapahoe—in Denver's southeast quadrant.

The Birmingham, Ala.-based chain is scheduled to open three more warehouse stores here this year, a move that will tighten up Denver's market share race considerably. The only thing that might rein in Homecrafters expansion, though, is its failure so far to turn a profit: for the nine-month period ended Oct. 31, the chain lost close to $2 million, part of which was attributed to enormous start up costs for its new warehouses.

Clark of *The Denver Post* claims that following Homecrafters' initial media blitz, it has "greatly curtailed" its advertising here.

In an effort to pre-empt Homecrafters' arrival and Woods' overall impact, Handy Dan opened a warehouse of its own last February, a 75,000-sq.-ft. store in Wheat Ridge carrying 25,000 sku's in a more traditional layout than the organized chaos one finds at Homecrafters.

"If you build up a name and

(Continued on page 37)

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Denver begins to address post-boom economics

(Continued from page 36)
customer loyalty in Denver, as we have, you will do fine here, no matter who invades," said Tom Morgan, Handy Dan's district manager here. The chain is emphasizing "the basics" in its stores' product mix, "and that we are in stock all the time," said Morgan.

He did not discount the potential impact Homecrafters may make on this market, however, and to counter this, Handy Dan will be stepping up its advertising this year "in all media."

It appears other chains are reacting more aggresively to the more heated competition in Denver as well. Diamond Lumber is in the process of remerchandising and, in some cases, remodeling all of its 13 Colorado stores, including those in Denver, to generate more consumer business, which currently accounts for only 15% of their sales. And Pay 'N Pak, according to one of its area store managers, is reportedly planning to add new stores in the market, although when and where was not immediately known.

On the down side, 84 Lumber closed its Broomfield store and consolidated its merchandise into its lone Denver unit, a mostly contractor yard to the west in Golden. Sutherland Lumber shot down its inner city store last year, but continues to operate four units around Denver's periphery.

In fact, Sutherland plans to experiment with a new retail concept in its Colorado Springs unit that, according to company co-owner Craig Sutherland, will add 50% more floor space and improve the depth in several product categories, particularly tools and other higher-end items. The chain's other three area units are expected to get the same treatment.

Sutherland's actions show that the prosperity and competitiveness that is evident in Denver is rubbing off on its surrounding markets. Other home centers recognize this and are doing some of their expanding out of town. Handy Dan opened two "super stores" in Colorado Springs in November; Economy has just moved into a new, 24,000-sq.-ft. store in Greeley, to the north of Denver, and Fort Collins has become a vibrant home improvement market.

All this home center activity is taking place against a backdrop of a market—Denver—that is really in transition, one whose future growth appears assured if it can solve what Bill Dowd, Diamond's divisional vp, referred to as "isolated drawbacks."

Denver and its environs still form a booming market. Between 1980 and 1984, its population increased by 175,000, or 11%, according to Chamber of Commerce data. Its citizenry is young—average age around 30—and ranks as the second most-educated in the country, according to a study on the six counties of Denver conducted by Colorado National Timeshares Inc., and the University of Colorado Graduate School of Business Administration.

That study, which assessed the market from 1980 to 1982, and projected through 1990, asserted that Denver is the fifth leading population growth market in the United States, and saw the highest personal income increase among the top 25 metro markets in America.

Its unemployment rate has hovered around 4%, and the market is being propelled by the service, trade, Government and manufacturing industries that account for three quarters of its jobs. Its total workforce—including the Boulder market—is expected to expand by 35% to 1.13 million by 1990.

Among all metro markets, Denver ranks 26th in total retail sales, 22nd in building material and hardware purchases and 23rd in effective buying power, as recorded by the S&MM Survey. And, despite the anticipated declines over the next two years in single family home construction, Denver is projected to be a strong, consistent market for home building of both single- and multi-family dwellings, through the rest of the decade.

The southeast and southwest sections of the city are where it is growing the fastest, and its suburbs rank among the 50 wealthiest in the nation.

While the market's prospects look bright, Denver is not without its troubles. Despite its mountains and scenic splendor, Denver's air registers the highest levels of carbon monoxide in the country.

According to Jerry Allen, a research economist who authored this study, the city is now investigating the development of a mass transit system.

The Denver market at a glance

Demographics	1978	1983	% change	1988P	% change
Population (thousands)	1,520.40	1,580.10	+ 3.9	1,792.40	+13.4
Households (thousands)	551.30	619.00	+ 12.3	721.20	+16.5
Effective buying income (billions $)	11.06	19.01	+ 71.8	33.33	+75.3
Average household effective buying income (thousands $)	17.95*	30.71	+ 71.1	46.22	+50.5
Total retail sales (billions $)	6.44	9.09	+ 41.1	15.75	+73.3
Per household retail sales (thousands $)	11.68	14.68	+ 25.7	21.84	+48.8
Building materials/hardware sales (millions $)	128.27	384.90	+200.0	NA	—

Source: Sales Marketing Management Survey of Buying Power© *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	18,997	30,731	+61.8	24,182	−21.3	20,843	−13.8
Single family	12,022	22,176	+84.5	16,365	−26.2	14,590	−10.8

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	76.2	78.3	85.0

Source: National Assn. of Realtors, local real estate boards

NHCN charts

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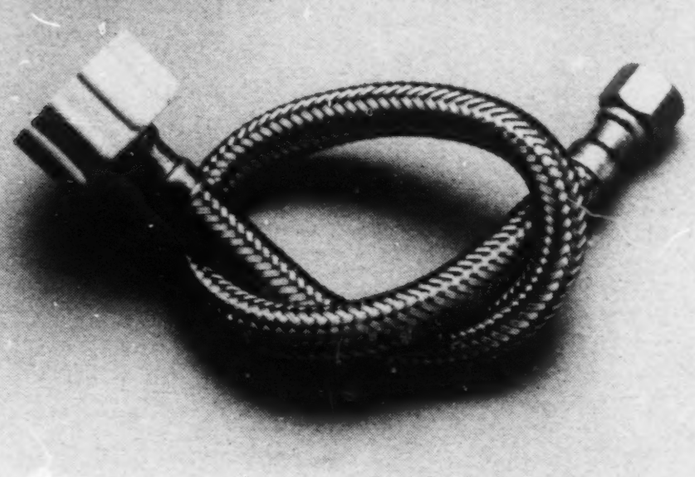

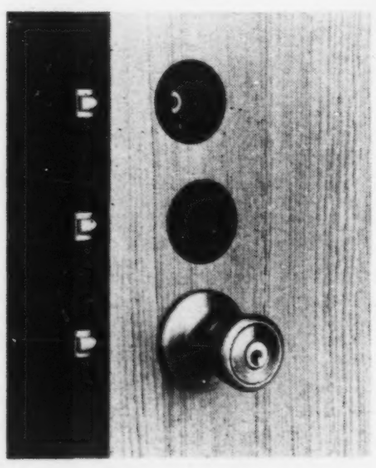

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NHCN's 1985 METRO MARKET OUTLOOK

Detroit market invasion signals chains' trek north

(Continued from page 1)

"We're really just coming out of our depression, and a lot of pent-up demand is starting to surface in increased sales," said Traskos.

The metro market is one of the largest in the country for building materials and hardware sales, tallying $816 million in 1983, according to Sales and Marketing Management. It ranks fourth in the country for number of households, which have median incomes that rank second only to Chicago's.

Over the past few years, the city has gone through a resurgence of sorts, and its overall unemployment rate has been reduced to 10.3% from a high of 22.3% in 1982. Much of this improvement comes from a boom in the auto industry, whose production is up an estimated 14% to 7.8 million units this year.

However, as proof of the area's erratic behavior, unemployment is estimated to rise to 13.3% in 1985, as United States trade restrictions are loosened for car imports. Already, United States car sales for the Nov. 21 to 30 period were off 14.2%, according to the Commerce Dept.

Detroit's housing market has fared much better of late, as single-family starts will run 6,778 units in 1984, compared to a dismal 1,730 units two years ago, according to National Assn. of Home Builder data.

Most of the home center expansion this year is expected to take place in Detroit's wealthy suburbs, where effective buying income, according to *S&MM* estimates, was $33 billion in 1983, giving this sector more buying power than suburbs in either New York or Chicago.

"Overall, it is an excellent market, outstanding, with a lot of opportunity for home improvement businesses, especially those with our concept," said Jud Walford, senior vp for Builders Square.

Detroit's economic pendulum is of less immediate concern to local retailers than the market's ability to absorb what may be unprecedented increases in selling floor square footage as a result of the warehouse invasion.

The Home Depot, which runs 25 units out of Atlanta, plans to open four 100,000-sq.-ft. warehouses in 1985 and two more in 1986. It has purchased four sites at an estimated cost of $4.5 million each, and will lease two more units with initial remodeling costs of $1.5 million.

The chain's Roseville unit here, in a middle-class, blue-collar neighborhood, will put Home Depot in the midst of existing home center operators. Forst City is half a mile away, and Erb Lumber just two miles. Similarly, Home Depot's Taylor site in the city's southern sector brings it into direct competition with Forest City again.

The timing of Home Depot's entry into Detroit was postponed, said Blank, until it had taken full advantage of expansion opportunities in the Sunbelt. "We went into warm weather markets first where we felt more comfortable," he explained.

To help the chain acclimate itself to cold weather retailing, it has hired former Wickes Lumber executive vp Bruce Berg as a merchandising vp for the market.

Builders Square, K mart's warehouse venture run by its newly acquired Home Centers of America, is already gaining experience in colder climes in its three Chicago units which opened in November. Unlike Builders' Sunbelt stores, the six proposed 80,000- to 100,000-sq.-ft. Detroit units will offer a wider selection of doors, windows, insulation and other building products.

"Although our products are different from North to South, there's not a great deal of difference in overall building materials sales," said Walford.

Despite Forest City's conversion to warehouses in Detroit, Walford sees that chain as being more aligned to the home center, rather than the warehouse, market.

(Continued on page 39)

The Detroit market at a glance

Demographics	1978	1983	% change	1988P	% change
Population (thousands)	4,384.60	4,346.90	+ 0.9	4,298.40	− 1.1
Households (thousands)	1,477.70	1,551.50	+ 5.0	1,580.30	+ 1.8
Effective buying income (billions $)	34.91	45.93	+31.6	68.26	+48.4
Average household effective buying income (thousands $)	21.60*	29.60	+37.0	43.60	+47.3
Total retail sales (billions $)	17.64	22.83	+29.4	33.36	+46.1
Per household retail sales (thousands $)	11.94	14.72	+23.3	21.21	+44.1
Building materials/hardware sales (millions $)	785.90	815.90	+ 3.8	NA	NA

Source: Sales Marketing Management Survey of Buying Power® *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	4,908	8,069	+ 64.4	10,294	+27.6	9,000	−12.6
Single family	1,730	5,702	+229.0	6,478	+13.6	6,000	− 7.4

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	47.5	47.5	48.0

Source: National Assn. of Realtors, local real estate boards

NHCN charts

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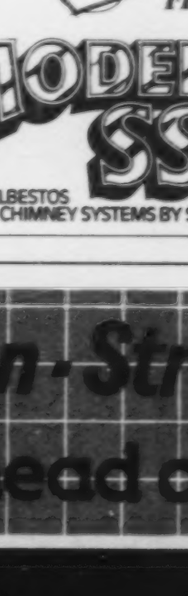

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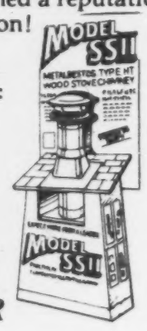

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Detroit home centers

Company	No. of stores
ACO Inc. (hardware)	42
Church's Lumber Yards	12
Pine Lumber Cashway	12
Forest City	8
Erb Lumber	7
Home Depot	6*
Builders Square	6*
Meijer Thrifty Acres (discount)	6

*Proposed stores for 1985-86
Source: NHCN research

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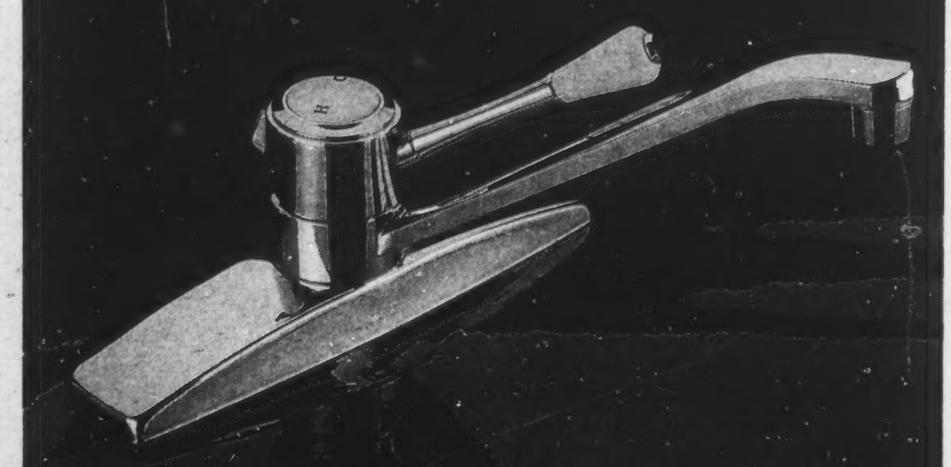

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NHCN's 1985 METRO MARKET OUTLOOK

Growth expectations limit Salt Lake's promise

SALT LAKE CITY — The continuing growth of this Western market was underscored late last year when the Fred Meyer chain, known for its 100,000-sq.-ft.-plus "one-stop shopping" outlets, debuted five home centers in the Greater Salt Lake market.

The home centers, known as Home & Garden Centers, each range from 25,000 sq. ft. to 30,000 sq. ft. and are attached to the regular Fred Meyer store. Portland, Ore.-based Fred Meyer operates 10 stores in this market—part of its 31-store acquisition of Salt Lake-based Grand Central discount stores last spring.

Steve Hawes, Home & Garden Centers operations manager for the Salt Lake and Idaho markets, said the remaining Fred Meyer outlets in the market will receive the new centers this year with the exception of two or three which are not large enough to accommodate the expansion.

"This market is alive with hustle and bustle," Hawes said. "It is a strong DIY market—people here are very handy and they take on projects."

Salt Lake City is a market that has been dominated by Ernst Home Centers and a few strong independents, primarily because larger companies like W. R. Grace and Pay 'N Pak have shown only peripheral interest in expanding their businesses here.

However, the area is growing, and that has been recognized by some of the industry's less-heralded chains like Fred Meyer, Skaggs and Sutherland Lumber, all of which added new stores here in 1984.

Retailers generally concur, though, that there is only a limited amount of revenue any chain can squeeze out of Salt Lake because of its current size, which is not expected to change markedly over the next four years.

"Remember that there are more people in San Diego county than in Utah, Wyoming and Idaho combined," said James C. Beardall, president and ceo of Anderson Lumber in Ogden,

(Continued on page 42)

The Salt Lake City/Ogden market at a glance

Demographics	1978	1983	% change	1988P	% change
Population (thousands)	851.70	1,008.10	+18.3	1,146.80	+13.7
Households (thousands)	262.70	322.10	+22.6	367.50	+14.1
Effective buying income (billions $)	5.06	8.65	+70.9	14.99	+73.3
Average household effective buying income (thousands $)	17.48*	26.85	+53.6	40.79	+51.9
Total retail sales (billions $)	3.28	4.72	+43.9	8.05	+70.6
Per household retail sales (thousands $)	12.49	14.65	+17.3	21.91	+49.6
Building materials/hardware sales (millions $)	280.30	234.30	−16.4	NA	—

Source: Sales Marketing Management Survey of Buying Power© *median HHEBI E—estimate P—projection NA—Not available

Housing starts	1982	1983	% change	1984E	% change	1985P	% change
Total	4,200	9,530	+126.9	11,811	+23.9	8,416	−28.7
Single family	2,870	5,930	+106.6	5,152	−13.1	4,766	+ 7.5

Source: National Assn. of Home Builders

Existing Home Prices	1982	1983	(3rd Q) 1984
Median sales prices of existing single-family homes (thousands $)	64.6	64.3	67.6

Source: National Assn. of Realtors, local real estate boards

NHCN charts

Detroit whse invasion signals northern trek

(Continued from page 38)

The average Forest City unit in Detroit is 50,000 sq. ft., with the largest in the area being 65,000 sq. ft. Siegel said there were no plans to enlarge the units.

All this expansion has some dealers here pondering their futures in Detroit. But most have met with adversity in the past, and are taking these new competitive challenges in stride.

"The competition here is used to bending and moving," said Daniel Toms, vice president for the 12-unit Pine Lumber Cashway, whose sales rose 8% in 1984.

The chain has been promoting higher-end merchandising in its stores through an aggressive advertising campaign. And it has recently introduced a new computer system for inventory control in its stores.

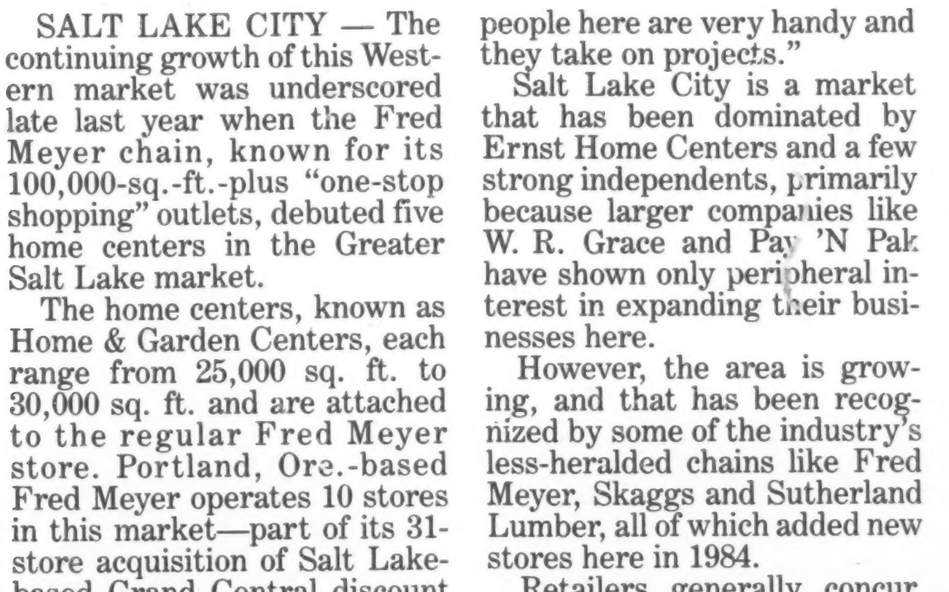
Church's Lumber is also reviewing its 12 stores' product mix, and has stepped up its ad campaign, especially during slow sales periods like December when ad rates are reduced.

Last year, Erb Lumber's seven Detroit units benefitted from a strong remodeling business in Detroit, and per-store sales rose to $4.2 million. "Our two builder-oriented units had a great year," said the chain's vp, John Erb.

The company, which operates a total of 36 stores, has been concentrating on electricals, paint and plumbing in its smaller units here, but offers a much fuller line of products in its Birmingham Lumber unit, located in the prosperous suburb of the same name. "A customer drove 20 miles last weekend to buy a wood product at that store he couldn't find elsewhere," said Ron Snyder, Erb's regional manager.

However, with Builder Square and Home Depot moving in, those kinds of transactions may be harder to come by, and Erb may now be considering the more direct competitive approach of opening a warehouse unit of its own.

In Cleveland, Erb and Eclipse Industries have already begun operating a 90,000-sq.-ft. unit. And, according to company president Fred Erb, several locations in Michigan were considered before the unit in Cleveland became available.



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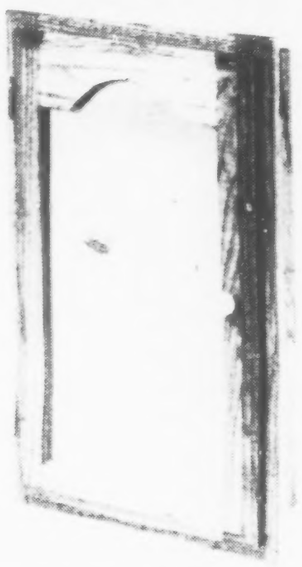

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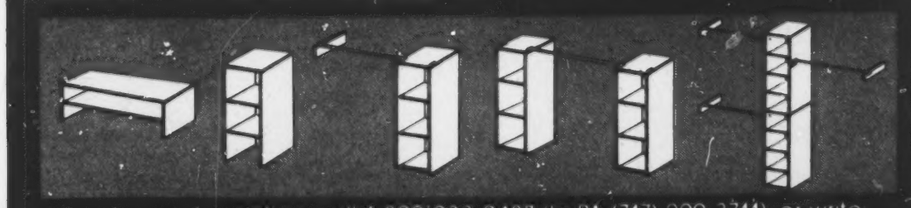

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NHCN's 1985 METRO MARKET OUTLOOK

Expectations for future growth restrict Salt Lake City's promise

(Continued from page 39)

Utah.

Anderson Lumber has two of its 22 outlets in the Greater Salt Lake market, including its 18-month-old West Jordan building materials center, which is generating sales of $12 to $15 million—No. 1 in the chain—on an annualized basis.

From Beardall's perspective, the Greater Salt Lake market is overstored, but he conceded that the area nonetheless "is a good, growing area."

Nearly three-fourths of Utah's residents are Mormon, and they follow a religious doctrine that emphasizes self-reliance. Traditionally, consumers reportedly have been loyal to a particular dealer based on geographic location. The market has an unusual number of strong single-unit independents. Recently, however, the expansion of DIY outlets has brought a new price-sensitive competitiveness to the market.

There is a conservative outlook among many shoppers, some of whom "won't shop on Sundays," said Dave Schauerhamer, general manager of two-unit Economy Builders Supply, one of the strongest independents with $20 million sales almost divided equally between contractors and retail.

"We are closed on Sundays, and I think most [DIY-oriented] retailers would do just as well to close down," Schauerhamer commented.

According to Sales & Marketing Management's 1984 Survey of Buying Power, the Salt Lake City-Ogden MSA ranks 47th nationally in building materials and hardware store sales—$234.3 million.

The metro area has just over 1 million residents, but in Salt Lake County—the urbanized area where most retail sales occur—are 687,000 residents. In this county, which includes Salt Lake City, Sandy, Midvale, Murray and West Valley City, most DIY activity is centered.

Ernst Home Centers, with nine units in Greater Salt Lake, devours the biggest chunk of the building materials market-share pie, according to a survey by local radio station KSL-AM, a CBS affiliate. Ernst garners nearly 25% of the market while everybody else captures 6% or less.

Market observers say Ernst's share is based on having more units than any other competitor. The Ernst stores generate "close to $3 million" in annual sales, according to a store manager, which means that the chain's total market pull here is as much as $27 million.

Jim Konschuh, spokesman for Ernst parent Pay 'n Save, Seattle, said "several" stores in the Salt Lake market are slated to get "a brand new look" later this year as part of a chainwide retrofit program in which stores are being given a stronger project-oriented, big-ticket emphasis.

In terms of important industry developments in 1984, Fred Meyer's arrival was perhaps the biggest story. Other market players were also developing new stores, notably Kansas City-based Sutherland Lumber and Salt Lake-headquartered American Stores.

Sutherland opened its second store here in March 1984 and is building its third outlet expected to open this spring. American operates four Skaggs Home Centers in Greater Salt Lake. It started 1984 with three units, built two new ones and closed one for a net total of four. The outlets range from 24,000 sq. ft. to 30,000 sq. ft. and are located next to Skaggs-Alpha Beta food-drug combo stores.

Pay 'N Pak, Kent, Wash., meantime, has three stores in the market—none of which has been converted to its newer, warehouse-style prototype. A Pay 'N Pak in Sandy has a sign in front proclaiming, "We don't beat the competition. We are the competition." The chain advertises "guaranteed lowest prices" or it will "knock an additional 5% off [a competitor's advertised] price."

Samon's, a North Salt Lake-based specialty chain, has five stores in the market which emphasize big-ticket spas, plumbing, electrical, heating and air conditioning, but not lumber.

In contrast, most independents emphasize lumber and have separate contractor entrances to cater to their charge account customers. These independents include Cook Lumber, Burton Lumber and Chris & Dick's.

Also a marketplace factor is two membership general-merchandise warehouses which opened in 1984 in Greater Salt Lake. Both the Price Savers Membership Warehouse, which is a division of Pay 'n Save, and the Seattle-based Costco Wholesale Co., which operates a unit here, sell some home center merchandise including tools and KD furniture.

Their market presence reflects this area's ability to support a low-margin, high-volume retailing format, but, to date, warehouse home centers have not established a foothold here.

Their absence could be in part due to the MSA demographics, which reflect Salt Lake's lower-tier ranking in terms of major United States metropolitan areas. The Salt Lake City-Ogden MSA accounts for 61% of the state's population, with 322,100 households, ranking it 52nd nationally. The MSA's EBI (Effective Buying Income) is $8.65 billion, for a 55th national ranking.

Greater Salt Lake home centers

Company	No. of stores
Ernst	9
Fred Meyer	5*
Samon's	5
Skaggs Home Centers	4
Pay 'N Pak	3
Burton Lumber	3
Sutherland Lumber	2
Anderson Lumber	2
Economy Builders Supply	2
Allwoods	1
Chris & Dick's	1
Cook Lumber	1

*Stores with Home & Garden Centers

Source: NHCN research

FOR THE RECORD

Ideal Security buys Storm King

ST. PAUL, Minn. — As part of its drive to diversify its product mix, Ideal Security Hardware has purchased S. B. Manufacturing, based in Milwaukee, Wis., the producer of the Storm King line of storm and screen door hardware.

Ideal manufactures storm and screen door hardware and also supplies security hardware and other builders' products.

Because Storm King has strong brand awareness among consumers, Ideal will be retaining the brand name of those products.

The company recently relocated into a new, one-level, 238,000-sq.-ft. building. S. B. Manufacturing will be integrated into this operation.

Ideal is a division of EAC Industries, a diversified company serving hardware, aerospace, special design electrical motors, manufactured housing and graphic arts markets.

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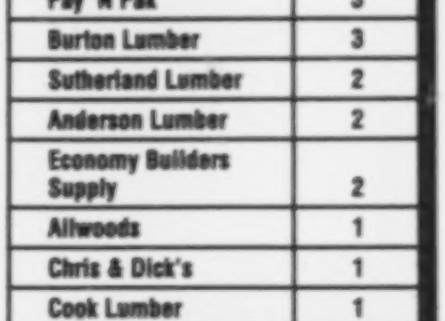

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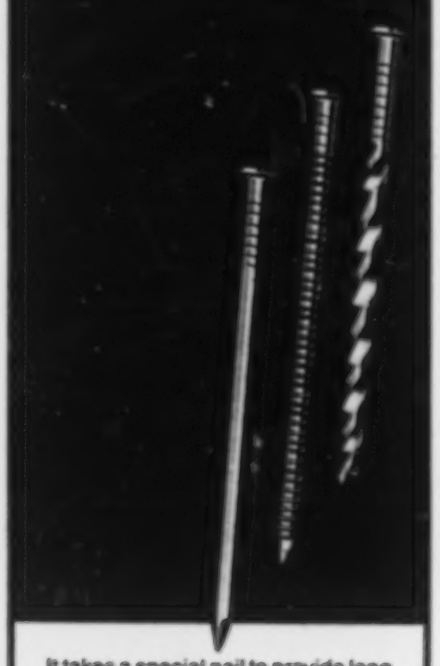

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Doors, windows & window treatments—pp. 19-27
NHCN introduces Home Center Industry Trivia—page 12

National Home Center News®

Vol. 11, No. 2 $2 a copy | The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. | Jan. 14, 1985

Chains ponder pick of New England's pockets

Independents gird to hold on to market

By John Caulfield
NHCN senior editor

BOSTON — There are 79 Grossman's, 15 Diamond Lumbers, 15 Channels, eight Lloyd Lumbers, four 84 Lumbers, two Rickels and two Pergaments in the six-state New England market.

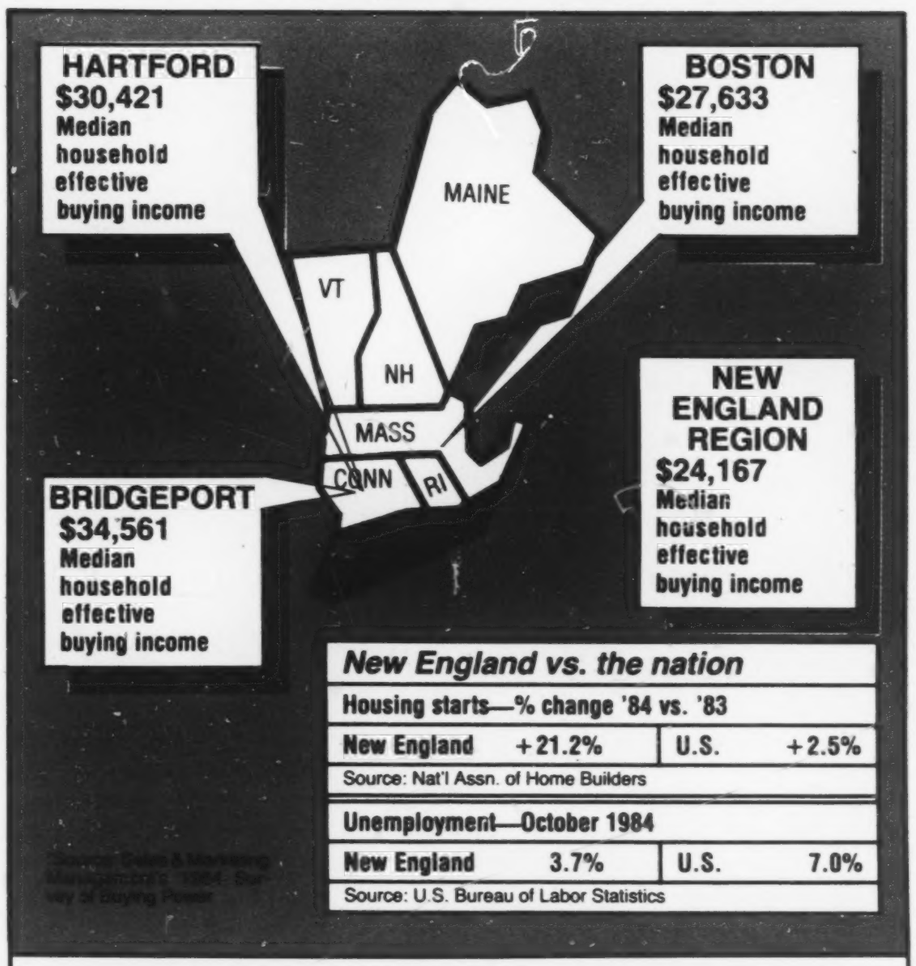
But local dealers and wholesalers will tell you that there is minimal, if any, chain dominance in this region, and very little expansion by the major chains operating stores here.

In the past, New England's size, economy and population have made it a less attractive market to home centers than the Sunbelt or the West, and many chains continue to ignore it for future growth.

However, the market, in recent years, has turned around. Its housing market is booming, its unemployment shrinking, and its economy and population are holding steady.

Pockets of this market have some of the highest sales of

(Continued on page 58)



New England vs. the nation

Housing starts—% change '84 vs. '83			
New England	+21.2%	U.S.	+2.5%

Source: Nat'l Assn. of Home Builders

Unemployment—October 1984			
New England	3.7%	U.S.	7.0%

Source: U.S. Bureau of Labor Statistics

The New England market is strong compared with the rest of the nation in housing activity and employment. Certain pockets of the market, relatively untapped by chains so far, are particularly enticing.

Boston & Connecticut market demographics rival Sunbelt's

By Ronald R. Gurczynski
NHCN associate editor

BOSTON — Hartford, Fairfield County or even Boston does not have the same ring as Dallas, Phoenix or Atlanta when it comes to hot home center competition and the warehouse wars. But wait.

"We think of New England as a very attractive area for us," said Arthur Blank, president of The Home Depot, the Atlanta-based warehouse chain. "The region contains a lot of people with money, and we believe some of that money should belong to us."

While Home Depot has no plans for New England expansion in 1985, Blank said the population density of Boston offered a good growth opportunity. And Georges Hanzi, president of Homecrafters Warehouse, said that the warehouse companies, which generally have Sunbelt orientations, would look to New England for future expansion when the Sunbelt reaches its saturation point.

Several months ago, in an S.E.C. statement, Hechinger indicated it is considering a future move into New England, while Rickel, already in the region, will add a third Connecticut store this year. Grossman's, the largest chain presence in New England, with 79 stores, opened its first warehouse store in Brookville, Conn.

Similarly, Payless Cashways, which became a major force in New England through its acquisition of Somerville Lumber in March 1984, is tightening its grip on the market. "We're actively looking for new locations and its no secret we want to be in southern New Hampshire," said Melvin Cohen, Somerville's chairman. Cohen added that Somerville will add two stores this year and two or three next year.

And Cohen warned potential competitors that "New En-

(Continued on page 58)

Knox on block as parent repositions in lumber industry

By Linda Lynton Carnevale
NHCN field editor

ST. PAUL — Knox Lumber's parent company, Southwest Forest Industries, is considering the sale of all or part of the 10-unit home center chain, as the forest products corporation adjusts to changing market conditions and recovers from several years of heavy losses.

Larry Platt
president
Knox Lumber

Knox Lumber executives may not be heartbroken over the idea of splitting from Southwest Forest—which has owned it for the past four years—as they have been prevented from carrying out expansion and new merchandising plans that had been announced in late 1983, due to lack of capital.

In fact, a leveraged buyout of the home center chain could be an alternative being considered, as Knox president, Larry Platt, said, "The management is likely to be part of any new ownership."

At the same time, Platt would not rule out the options of joining with a larger retail chain or spinning off Knox Lumber as an independent entity.

Knox Lumber executives have started planning for future expansion and are currently studying potential new markets. "We hope to have 10 more stores in the next three to four years, and be present in force in a totally new market by then," said Platt, who would not indicate where the new market might be.

Knox opened its 10th store in mid-1984 in Newport, Minn., with a different merchandising emphasis from earlier units, including warehouse fixtures over more than a third of the store and a 46,000-sq.-ft. selling floor—double Knox's average store size up to then.

"We're learning a lot from the new store," said Platt, who added that future stores will probably evolve from what the company learns in Newport.

Knox may not need to change too dramatically in the coming years as both its sales and earnings have been increasing in the past few years.

Sales jumped to $84 million in 1983 from $70 million in 1982, and are expected to rise 16% to 17% in 1984 to about $98 million, according to Jim Hartman, vice president administration.

In addition, financial observers expect Knox to have earnings that will reach 3% or more of sales in 1984. Knox had earnings that were about 3% of sales

(Continued on page 57)

NEWSBREAKS

STANTON BOLTS PAYLESS CASHWAYS. Tom Stanton resigned as regional executive for the western region of the Kansas City-based chain, effective Dec. 21, having held that post for 20 months. He was replaced by John Fischer, a 17-year company vet, formerly a district manager in Tulsa, Okla.

NEW CHIEF AT BE. Hal Smith has been named the new president at Builders Emporium, ending the Irvine, Calif., chain's four-month search for a chief executive following the early retirement of Tony Swies. Smith, 33, joined BE as executive vp in October, and will report to Sanford Sigoloff, chairman of Wickes.

14 Busy Beaver stores reopen as Fagen's. —Page 2
Tulsa Independent adapts deftly. —Page 3
Big Jake's: A big fish in a small pond. —Page 6
A look at Pergament's prototype warehouse. —Page 33

NEW SYSTEMS CRUCIAL TO STORE START-UPS

Warehouses plugging into computer age

By Phillip M. Perry
NHCN associate editor

NATIONAL REPORT — When Home Quarters Warehouse opens its first two stores in eastern Virginia early this year, it will already have in place a sophisticated computer system designed to help it achieve maximum profitability.

The move reflects a recent, dramatic change that has occurred in the attitude held by warehouse home center operators toward their data processing systems. When Home Depot launched the first warehouse units almost six years ago, traditional manual inventory tracking methods were used. And even two years ago, Home Centers of America opened its Home-Pro units without computer sophistication.

Today, those chains perceive their inventory tracking needs much differently. Only this past summ me Depot installed a computerized point-of-purchase perpetual inventory system for the first time. And the Home-Pro Warehouse stores, now operating under the name of Builders Square under the ownership of K mart, are slated to go on-line with a similar computerized tracking system during the first half of this year.

(Continued on page 50)

NHCNews Briefs

Industry Update

Depot secures 2nd Calif. site

OCEANSIDE, Calif. — The Home Depot reportedly has secured a second store location for the warehouse chain's expected arrival in southern California.

The Oceanside Planning Commission has approved The Home Depot's zoning request for a 17½ acre site in this coastal city in northern San Diego County.

Planning Department officials said its planning commission approved an 80,000-sq.-ft. store at College Boulevard and Vista Way which is expected to gross $25 million annually. Conditions of the approval included widening several streets, improving traffic signals and other site changes.

Last February, The Home Depot took a site in Huntington Beach, Calif.—a former Zodys discount department store—but has not yet opened the 75,000-sq.-ft. building.

Homeowners DIY unit closes

GARDENA, Calif. — Homeowners DIY Centers, a southern California regional chain, has closed its La Puente store in order to "develop the potential" of its four remaining units in West Los Angeles, Torrance, Gardena and Montebello, according to Louis Share, Homeowners' chairman.

Homeowners, which recorded sales of $26 million in 1984, made the store-closure move "to cut our losses" at the outlet, Share said. Employees were transferred to other locations.

Share said he is not ruling out the possibility of expansion this year "if we find an exceptional location."

Rickel to open 4 new stores

WOODRIDGE, N.J. — Rickel Home Centers will open at least four additional stores this year. The new units, which are expected to be the latest versions of the Rickel prototype, will be located in Connecticut, New Jersey and "points south of Philadelphia," according to Rickel president Chuck Davis.

The new units will be funded by a $22.5 million allocation from parent Supermarkets General Corp., a record high capital expenditure budget for Rickel. Harvey Gutman, vice president of planning and research at Supermarkets General, said, "We continue to see good opportunities within the home center industry."

The money for Rickel's expansion is part of a record high $150 million Supermarkets General capital expenditure program for this year. The 1985 figure is a 36% increase over 1984's $110 million capital expenditure budget, which also was a record.

Wickes makes 1st cash payment

SANTA MONICA, Calif. — Wickes Cos. made a $298 million cash payment to creditors late last month, the first payment under the plan of reorganization that takes Wickes out of Chapter 11 bankruptcy proceedings.

The plan, which was confirmed in September by Federal Bankruptcy Judge William J. Lasarow (*NHCN*, Oct. 8, 1984), provides for the settlement of Wickes' remaining $1.3 billion debt through a combination of cash, notes, stocks and warrants.

On Jan. 26, Wickes is slated to issue $569 million in notes, about 80 million shares of common stock and warrants to buy another 12 million shares of common stock.

Hill-Behan plans 2nd DIY outlet

ST. LOUIS — Hill-Behan, a chain of 33 stores doing an estimated $75 million annually, expects to open the second unit in its new Lumber Jack chain during 1985.

The company is looking at locations in the St. Louis area as well as in other cities, according to Patrick J. Behan, vice president of the chain's St. Louis division.

Behan said he was "pleasantly surprised" at the sales result of the first Lumber Jack, which was opened July 9, 1984, in response to growing competition in the St. Louis marketplace (*NHCN*, Aug. 13, 1984). Precise sales levels were not revealed.

The new Lumber Jack unit has been moving some 80% of its volume to do-it-yourselfers, compared to an average of 50% at traditional Hill-Behan stores. While Hill-Behan units offer charge accounts to professional customers, Lumber Jack is strictly a cash, check or bank card transaction store.

Lumber Jack has 7,000 sq. ft. of showroom, plus a 14,000-sq.-ft. attached warehouse area that is open to the public and which contains a drive-through. Traditional Hill-Behan stores range in size from 10,000 sq. ft. to 14,000 sq. ft., although the chain does have one 25,000-sq.-ft. unit.

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Vol. 11, No. 2 Jan. 14, 1985

14 Busy Beaver stores open as Fagen's

PITTSBURGH — Jack Fagen, former president of Busy Beaver Home Centers, opened his 14-unit contractor-oriented home center chain on Jan. 2 under the name Fagen's.

Currently, Fagen, who on Dec. 31 officially became owner of the units he purchased from the Pittsburgh-based retailer, is working on a five-year plan for his new company.

Through next month, Fagen said his company will still be located at Busy Beaver's corporate offices in Pittsburgh. After that, Fagen's will be headquartered in Verona, Pa., in an 8,000-sq.-ft. office building now being renovated in front of Fagen's Verona store.

Jack Fagen

Fagen said his new company is "looking to appeal to the project-oriented DIYer and the pro customer." His locations will be marked by a blue and pale yellow "Fagen's" sign.

Converting from the retail focus of the Busy Beaver stores to Fagen's "pro" locations will mean focusing on some changes in product presentation, Fagen said. Building materials and home projects will be emphasized, particularly in outdoor wood, decking and prehung steel doors. He also said he is expanding the plumbing and hardware departments.

Although stocking 8,500 stock keeping units in all stores, Fagen said his 14 locations will have different store hours. The four stores located in retail-oriented areas will be open 65

(Continued on page 57)

Evans Products joins billion dollar club

BRAINTREE, Mass. — When Barry Drangel, a 33-year-old Bostonian, went into Grossman's Union Street store in Braintree on Dec. 18 to buy fluorescent bulbs, he had no idea the company was readying itself for the billion-dollar sales bonanza.

When he approached the cash register to make his purchase bells went off and a surprised Drangel reportedly looked around wondering what happened, what he had done.

With Drangel's purchase, Grossman's, the 345-unit retail division of Evans Products Co. of Miami became the fourth billion-dollar sales company in the home center industry. It joined Lowe's of North Wilkesboro, N.C., W. R. Grace Co. hased in New York and Payless Cashways of St. Louis, Mo., for the billion-dollar sales distinction.

Development anticipated

Because this was an anticipated event, Tracy Posner, vp of Evans Products, was there for the celebration.

In recognition of Drangel's contribution to Grossman's sales position, he was given a three-minute shopping spree which won him nearly $1,000 worth of assorted building supplies, among them, power tools, floor tiles and saws.

The $1,000 value he collected was immediately matched with a $1,000 check Grossman's donated to Boston's Children's Hospital.

Said Drangel, according to a Grossman's spokesman, "My wife will never believe this."

Small Ohio independent buys DIY firm

PLAIN CITY, Ohio — Motivated largely by a desire to reduce its dependency on contractor business, The Judson Lumber Company acquired Marysville Lumber in Marysville, Ohio, on Dec. 3, 1984. Both companies are located northwest of Columbus, Ohio.

"Marysville Lumber has a strong name in the community, and represents a perfect synergy for our yard, which is strictly contractor oriented," said Jud Blaine, president of Judson Lumber, which does some $5.5 million annually out of one store. Over the next two years, the company plans to make changes in the Marysville showroom and institute more competitive pricing in order to increase that store's consumer trade from its present 30% to a level of 50%.

"The contractor market is a volatile one," he added. "My perception is that when it goes down, the do-it-yourself business goes up."

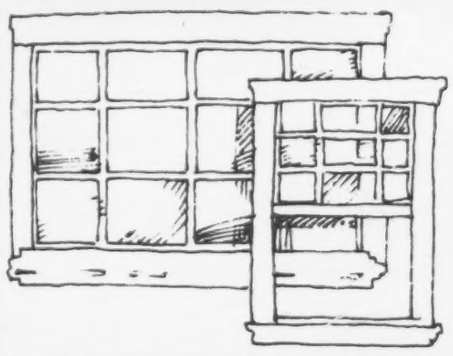
While terms of the purchase of the single unit, $1.4 million Marysville Lumber were not disclosed, Blaine said that it was internally financed, and was part of a larger plan by the his firm to "maintain a steady growth" in number of units.

Blaine, a fourth generation lumberyard operator, plans to "become more competitive in product selection and in pricing" at the Marysville store.

"We are considering joining a buying group such as HWI," he said. "We will also be remodeling and restructuring our showroom so the customer can get in and out quickly."

The company has not set a budget for the remodeling effort. "We plan to build and remodel as we can afford it," said Blaine.

Highlights in this issue

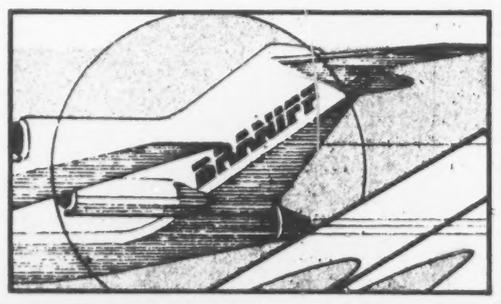


Merchandising

Insulated steel doors, at one time marketed almost exclusively to the pro contractor, are becoming what one dealer called "a more basic product" to many home centers' retail merchandise mix. In the window category, the introduction of aluminum and other non-wood materials have helped spur increased sales in the past year. Window treatment departments experienced a banner year in 1984, and dealers believe sales will continue to be strong throughout the next year. **—Page 19**

Advertising & Marketing

A spate of winter vacations ranging from Hawaiian sun holidays to skiing in the Rockies were offered by home centers in special promotions this past fall in an attempt to draw a greater variety of customers to their stores. Retailers attitudes on the frequency of using such promotions varied, with some seeing them as special events which should not be overused and others regarding them as an almost "everyday" part of promotional output. **—Page 41**



Index

Ad Angles 45
Advertising & Marketing 41-49
Calendar 53
Classified 54-56
Editorial 8
Financial News 4, 5
Home Centers & the Law 52
Home Center Marketing Strategies 49
Housing Watch 10
Lumber Report 16
Merchandising 19-40
New Products 48
People 12
Systems & Operations 50-53
Washington View 8

Systems & Operations

C. Markus, a 60-year-old California independent, recently made a $450,000 commitment to a new data processing system. In late October, the three-unit, $14 million chain installed the new system in its Oakland store, which will go on-line this month. The computer will handle both the company's inventory and accounting requirements. **—Page 51**

FINANCIAL NEWS

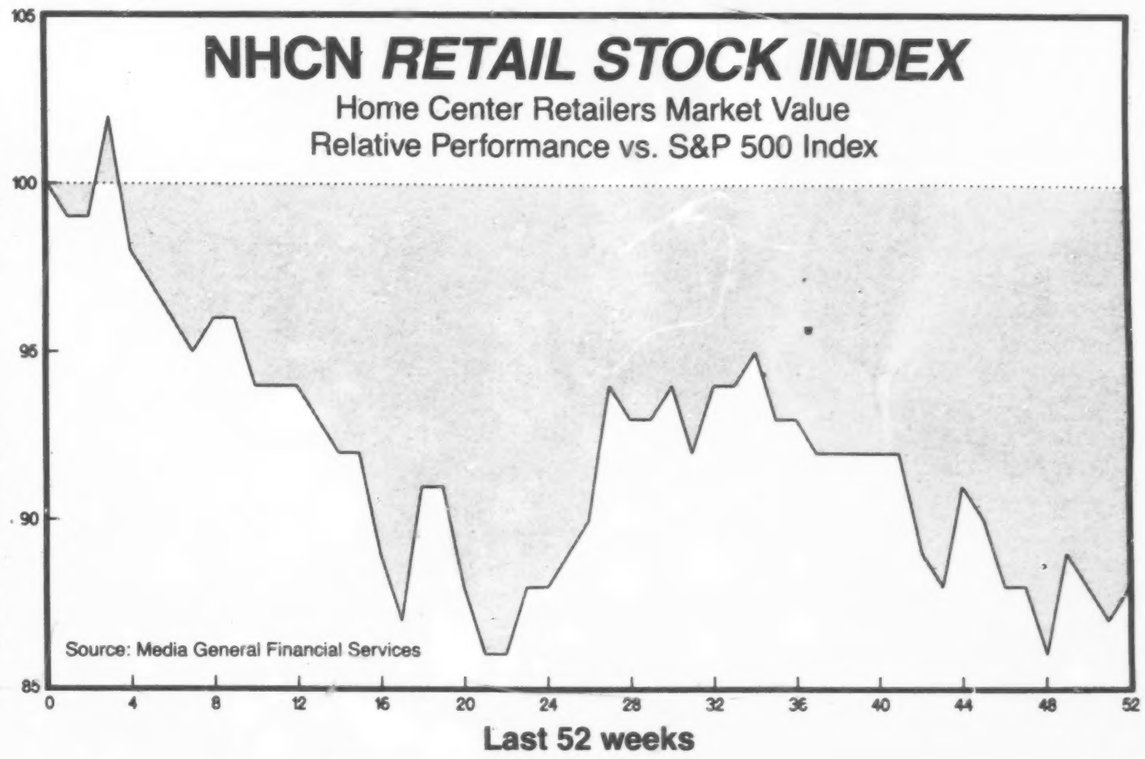
For the period ended Dec. 21, 1984, winning stocks outpaced losers 26 to 12, with seven stocks unchanged.

The increase is reflected in the slight upturn on the *NHCN* Retail Stock Index. Home center stocks, which were still underperforming the Standard & Poor's 500 Index by between 10% and 15%, seemed to rise on the strength of the brief pre-Christmas market rally.

However, Pay 'N Pak, coming off a poor third quarter, posted the largest loss for the period. The stock was down 15.7%, to $12.13, from last issue's price of $14.25.

Evans Products, reversing a recent decline, was the largest single gainer, up 24% to $3.88, amid uncertainty regarding the future of the company's retail division as Evans chairman Victor Posner and former retail division president Mike Grossman continue to wrestle for control. Stanley Works came in a distant second in the winners' column, reporting an 8.8% price increase to $26.25 per share.

In another reversal from last issue, Southwest Forest Industries is ranked No. 4 on the losers' list. In the previous issue, Southwest saw the greatest stock price jump. Southwest is attempting to sell its retail arm, Knox Lumber, St. Paul, Minn. (*see story, page 1*).



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Stanley Works ..... N	17,326	609.1	8.8
US Gypsum ..... N	11,499	424.8	- 1.2
Owens Corning ..... N	12,704	271.6	.4
Georgia-Pacifc ..... N	46,069	271.1	1.6
Walter, Jim ..... N	8,789	261.2	1.2

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Pay N Pak ..... N	3,988	250.0	- 15.7
Natl Gypsum ..... N	5,892	226.7	- 8.2
Boise Cascade ..... N	10,698	219.8	5.3
Emhart Corp ..... N	3,596	219.5	.4
Certain-teed ..... N	2,502	207.0	3.6

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Evans Prod ..... N	3.88	24.0	2,293
Stanley Works ..... N	26.25	8.8	17,326
Waxman Ind ..... O	9.75	8.3	259
Hechinger B ..... M	21.00	7.7	486
Hechinger A ..... M	20.75	6.4	576

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Pay N Pak ..... N	12.13	- 15.7	3,988
Natl Gypsum ..... N	36.50	- 8.2	5,892
Std Brd Prt ..... N	18.13	- 3.3	2,037
SW Forest Ind ..... N	15.50	- 3.1	2,859
Wolohan Lumber ..... O	4.63	- 2.6	269

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 12-21-84	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Trend Change	P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Boise Cascade ..... N	39.63	2.00	5.3	40.50	37.38	45.00	32.50	10,698	4.03	1.26	219.8	10.8	1.90	4.8	.....	9 mos.	09-84	962.8	5.9	32.7	80.7	1.13	94.8	2909.7	14.1	94.1	103.7	3.24	120.4
Color Tile ..... M	15.88	.13	.8	16.00	15.63	17.88	13.63	1,818	1.98	1.64	20.7	10.7	.00	.0	.....	3 mos.	09-84	75.5	20.2	2.8	3.7	.31	19.2	75.5	20.2	2.8	3.7	.31	19.2
Edison Bros ..... N	33.50	.13	.4	34.00	33.13	43.00	32.50	311	.31	.32	- 3.1	7.7	1.60	4.8	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber ..... O	18.50	.00	.0	19.50	18.50	25.00	18.00	21	.23	.39	- 41.0	8.6	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod ..... N	3.88	.75	24.0	4.13	3.00	11.00	3.00	2,293	1.66	.61	172.1	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(58.1)	NE	(4.44)	NE
Forest City Ent ..... A	20.50	- .38	- 1.8	21.00	20.50	21.25	15.00	32	.08	.18	- 55.6	NE	.14	.7	.....	6 mos.	07-84	98.5	7.8	2.3	- 51.1	.29	- 50.0	170.7	3.9	.4	- 91.7	.05	- 91.7
Grace W R ..... N	39.50	- .50	- 1.3	40.88	38.88	46.88	36.50	7,384	1.52	.63	141.3	9.9	2.80	7.1	.....	9 mos.	09-84	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Hechinger A ..... M	20.75	1.25	6.4	21.25	19.25	20.75	13.50	576	.82	.53	54.7	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	21.00	1.50	7.7	21.25	19.50	21.00	14.00	486	.27	.19	42.1	19.1	.10	.5	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines, Ed Lumber ..... O	40.50	.50	1.3	42.00	40.00	43.75	32.50	21	.12	.28	- 57.1	27.4	1.00	2.5	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Home Depot ..... N	16.63	.38	2.3	17.25	15.50	27.88	12.00	11,142	4.46	2.32	92.2	30.2	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp ..... N	35.25	.75	2.2	36.25	34.38	37.63	26.75	34,087	2.72	1.41	92.9	8.4	1.24	3.5	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos ..... N	24.38	.00	.0	25.13	24.00	25.13	16.25	7,615	2.10	1.14	84.2	14.6	.32	1.3	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.6	1.41	23.7
Mich General ..... A	6.38	- .13	- 1.9	6.88	6.25	9.63	4.63	2,049	1.81	1.02	77.5	24.5	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	100.0	.18	20.0	344.3	335.8	3.7	15.6	.32	- 40.7
Pay N Pak ..... N	12.13	- 2.25	- 15.7	14.50	11.75	20.00	11.75	3,988	3.99	1.14	250.0	10.1	.60	4.9	.....	6 mos.	08-84	87.8	17.9	3.8	26.7	.38	15.2	162.2	26.5	6.2	34.8	.62	17.0
Payless Cash ..... N	15.88	- .13	- .8	17.50	15.25	25.00	13.50	10,452	3.23	1.38	134.1	12.8	.16	1.0	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd ..... O	1.00	.00	.0	1.25	1.00	4.00	1.00	44	.24	.10	140.0	8.3	.00	.0	.....	6 mos.	07-84	11.2	6.7	.2	- 33.3	.13	- 27.8	20.5	9.0	.2	- 33.3	.13	- 27.8
Scotty's Inc ..... N	13.50	.75	5.9	13.63	12.50	16.25	11.38	2,074	1.57	.52	201.9	10.2	.52	3.9	.....	3 mos.	09-84	101.7	6.6	3.4	6.3	.25	4.2	101.7	6.6	3.4	6.3	.25	4.2
Sears, Rosbuck ..... N	31.63	1.63	5.4	32.50	30.25	40.38	29.50	62,518	1.74	.83	109.6	7.7	1.76	5.6	.....	9 mos.	09-84	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind ..... N	15.50	- .50	- 3.1	16.63	15.38	22.50	13.00	2,859	3.08	1.83	68.3	NM	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.25	NE	587.5	15.8	13.1	NE	.82	NE
Std Brd Prt ..... N	18.13	- .63	- 3.3	18.75	18.13	22.63	16.50	2,037	1.83	1.12	63.4	10.2	.54	3.0	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Wolohan Lumber ..... O	4.63	- .13	- 2.6	4.88	4.50	6.50	4.00	269	.46	.56	- 17.9	14.5	.16	3.5	.....	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	72.7	103.0	22.8	1.8	38.5	.31	40.9
Wholesalers																													
Palmer Lewis ..... M	7.50	.00	.0	7.88	7.25	10.81	7.09	713	1.91	1.08	76.9	10.7	.28b	3.7	.....	3 mos.	04-84	29.1	13.2	.3	200.0	.10	42.9	29.1	13.2	.3	200.0	.10	42.9
Manufacturers																													
Am Standard ..... N	30.50	- .25	- .8	32.50	29.50	33.25	22.88	4,096	1.05	.71	47.9	10.6	1.60	5.2	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	87.3	95.7	2.24	38.3
Armstrng Wrld ..... N	33.00	1.13	3.5	33.75	31.50	33.75	22.25	8,989	3.74	1.31	185.5	9.4	1.20	3.6	.....	9 mos.	09-84	395.0	6.6	22.8	15.2	.95	18.8	1186.8	9.6	73.4	46.8	3.00	49.3
Black & Decker ..... N	22.75	.88	4.0	23.50	21.00	28.63	17.25	14,305	2.85	1.31	117.6	11.7	.64	2.8	.....	fiscal	09-84	473.9	70.2	24.5	50.3	.48	29.7	1523.9	30.5	95.4	238.3	1.95	200.0
Certain-teed ..... N	21.50	.75	3.6	22.00	19.75	23.50	15.50	2,502	1.32	.43	207.0	11.7	.60	2.8	.....	9 mos.	09-84	327.0	11.2	3.6	- 74.6	.17	- 77.6	915.8	17.1	29.6	17.5	1.47	8.1
Champ Intl ..... N	20.88	1.00	5.0	21.13	19.63	28.88	16.88	44,060	8.00	3.14	154.8	9.8	.40	1.9	.....	9 mos.	09-84	1131.2	.8	40.2	64.1	.65	75.7	3430.7	7.7	109.4	87.7	1.76	107.1
Clopay Corp ..... A	16.88	.13	.7	16.88	16.38	19.50	13.63	22	.18	.33	- 45.5	9.4	.16	.9	.....	9 mos.	09-84	36.1	12.1	1.3	62.5	1.02	61.9	97.6	12.7	1.6	100.0	1.26	90.9
DeSoto Inc ..... N	33.00	1.38	4.3	33.13	31.25	34.38	26.50	510	.91	.36	152.8	9.8	1.40	4.2	.....	9 mos.	09-84	114.4	22.0	5.1	10.9	.91	11.0	329.2	19.3	15.1	8.6	2.70	8.0
Emhart Corp ..... N	29.63	.13	.4	30.25	28.25	31.59	24.53	3,596	1.31	.41	219.5	8.8	1.27b	4.3	.....	9 mos.	09-84	420.6	6.9	21.4	9.7	.78	9.9	1346.3	8.5	64.8	16.3	2.35	15.8
Georgia-Pacifc ..... N	24.00	.38	1.6	24.38	23.25	25.75	18.00	46,069	4.49	1.21	271.1	11.5	.80	3.3	.....	9 mos.	09-84	1880.0	10.0	83.0	2666.7	.72	1700.0	5334.0	10.5	218.0	144.9	1.95	137.8
La Pacific ..... N	20.50	.88	4.5	21.00	19.50	28.78	17.00	5,012	1.45	.74	95.9	25.0	.80b	3.9	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.19	46.2	946.3	16.9	21.2	1.9	.61	- 3.2
Manville Cp ..... N	5.88	.00	.0	6.13	5.63	13.63	5.63	4,715	1.96	.83	136.1	5.0	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.9	.92	55.9	1400.9	7.9	59.0	.2	1.68	- 15.2
Masco Corp ..... N	28.00	.63	2.3	28.38	25.75	32.50	22.50	11,213	1.98	1.04	90.4	12.8	.56	2.0	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum ..... N	36.50	- 3.25	- 8.2	39.25	34.00	40.00	27.00	5,892	3.79	1.16	226.7	5.7	1.76	4.8	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos ..... N	15.50	.00	.0	15.88	14.88	17.63	13.25	452	.53	.60	- 11.7	10.5	.50	3.2	.....	9 mos.	09-84	67.6	- 2.3	3.1	- 20.5	.35	- 27.1	218.6	32.6	10.0	6.4	1.11	.0
Owens Corning ..... N	32.00	.13	.4	33.13	31.00	38.88	25.13	12,704	4.31	1.16	271.6	8.2	1.40	4.4	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Potlatch Cp ..... N	29.00	.00	.0	30.25	28.63	38.00	25.75	1,486	.97	.63	54.0	10.7	1.56	5.4	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms ..... N	26.75	- .25	- .9	28.00	25.50	32.38	22.25	4,260	1.87	.85	120.0	9.8	.76	2.8	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.10	18.3	1573.7	4.6	55.9	16.2	2.40	24.4
Stanley Works ..... N	26.25	2.13	8.8	26.50	24.00	29.50	19.50	17,326	6.24	.88	609.1	10.3	.96	3.7	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
US Gypsum ..... N	59.75	- .75	- 1.2	61.00	52.75	65.25	45.00	11,499	6.98	1.33	424.8	5.7	3.00	5.0	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim ..... N	31.25	.38	1.2	32.88	29.63	32.88	22.00	8,789	4.19	1.16	261.2	7.9	1.20	3.8	.....	fiscal	08-84	656.6	14.7	33.7	27.2	1.36	30.8	2287.8	13.0	97.0	37.4	3.96	31.1
Waxman Ind ..... O	9.75	.75	8.3	10.00	9.00	10.25	4.13	259	1.53	.80	91.3	11.3	.06	.6	.....	3 mos.	09-84	20.5	99.0	.7	250.0	.40	185.7	20.5	99.0	.7	250.0	.40	185.7
Weyerhaeuser ..... N	29.75	1.38	4.8	30.25	27.75	35.50	25.00	24,195	1.86	.72	158.3	16.1	1.30	4.4	.....	9 mos.	09-84	2670.6	113.3	58.3	9.6	.40	14.3	4141.9	14.3	198.8	47.5	1.36	56.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

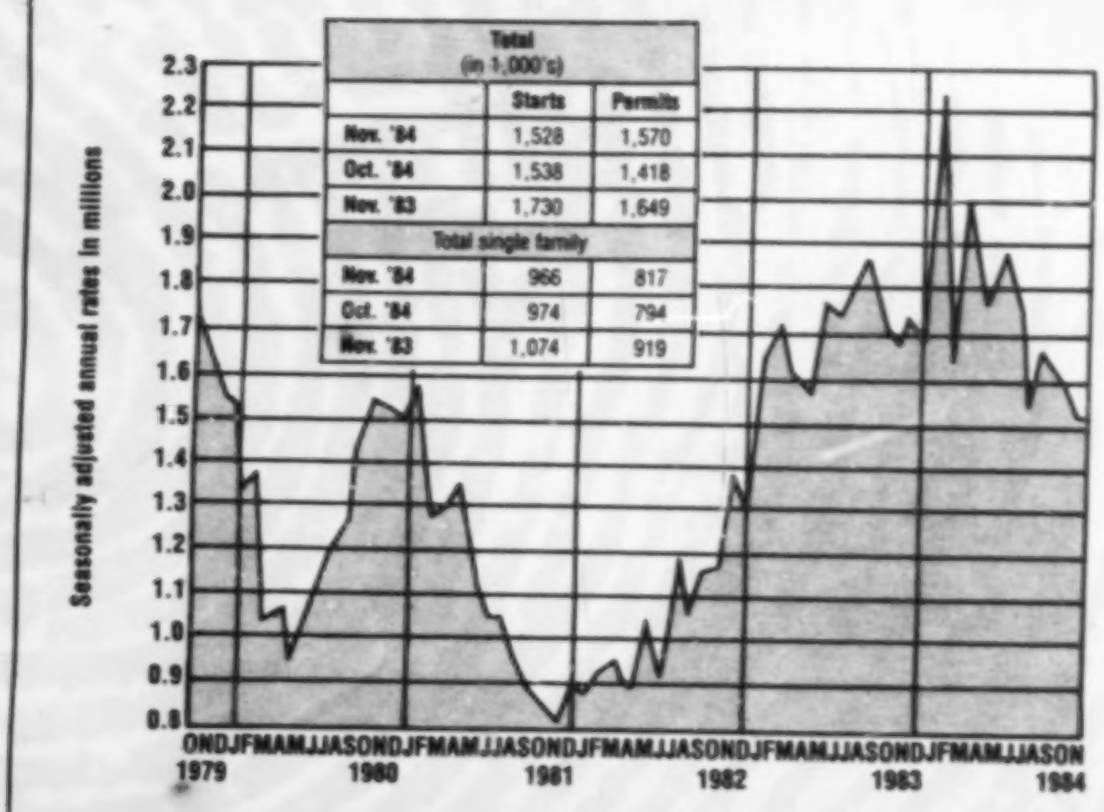
General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

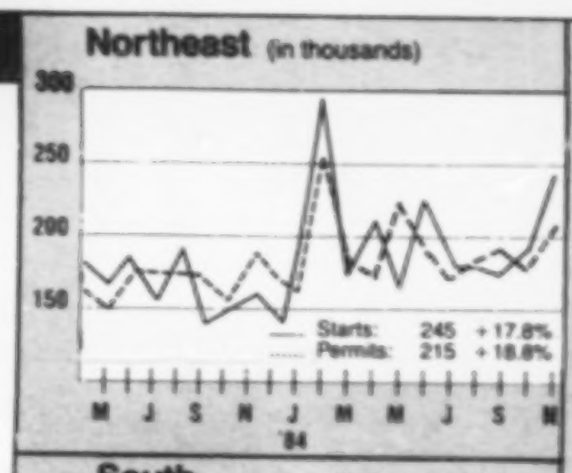
HOUSING WATCH

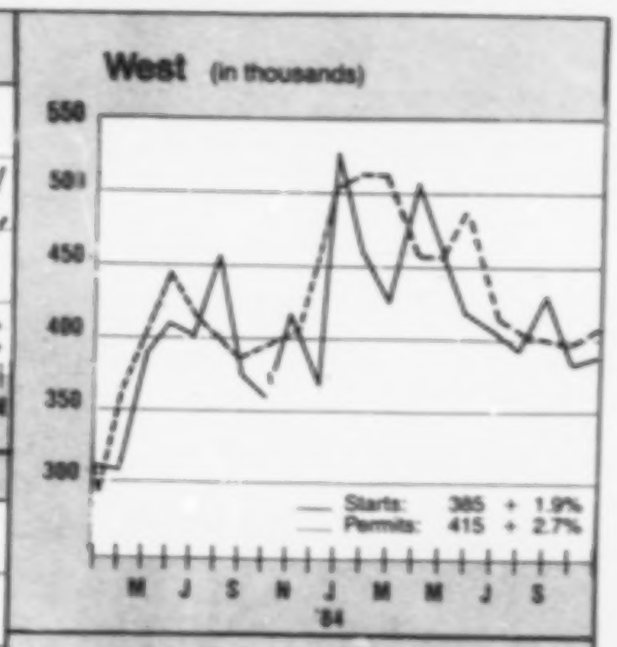
U.S. housing starts

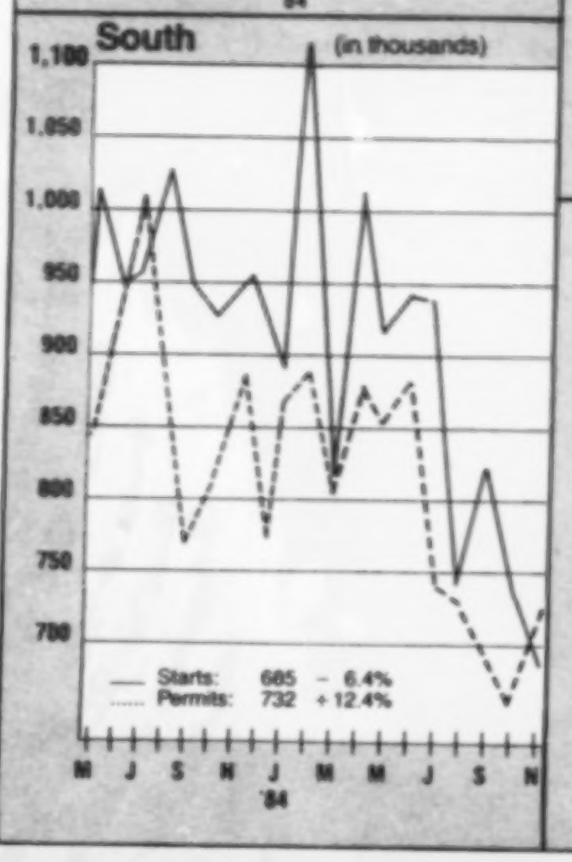


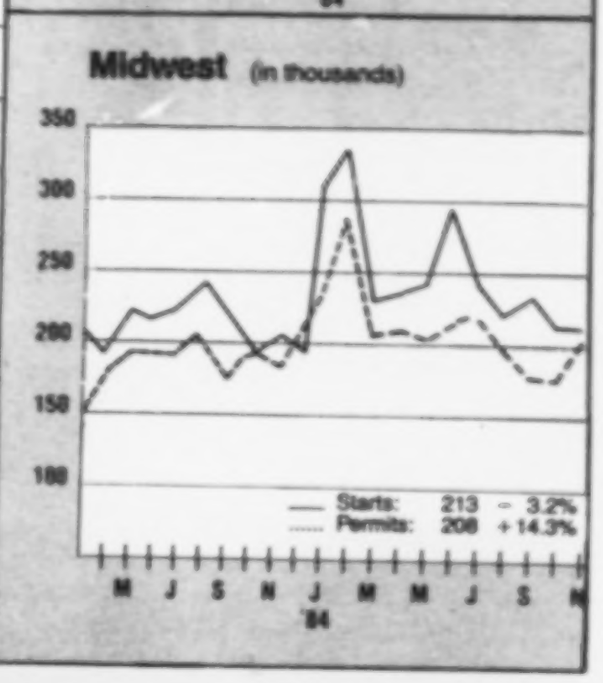
November's housing starts slowed further to 1.53 million units seasonally adjusted, down 0.7% from the previous month, according to the Dept. of Commerce. The South, the nation's leading home-building region, fell a further 6.4% from October to 685,000 units, its lowest point since January 1982. Total building permits rose by 10.7% from November to 1.57 million units, seasonally adjusted with all regions recording strong increases.

Source: Dept. of Commerce, Bureau of the Census









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Remodeling biz to remain strong throughout 1985

WASHINGTON — A surge in residential remodeling is expected to continue through 1985, according to the National Assn. of Home Builders and the Virginia-based National Assn. of the Remodeling Industry, a trade group.

Gopal Ahluwalia, assistant staff vp/director of research at NAHB, said although his office does not make detailed predictions on the remodeling industry, he expects 1985 to experience a 7% to 8% increase to about $65 billion. The current year, he said, should end with sales totaling $60 billion.

NARI is predicting even greater gains for professional home remodelers. The trade association is projecting a sales gain of $9 million or 20.9%, from $43.1 billion by the end of 1984 to $52.1 billion in 1985.

The top three remodeling projects, according to NARI, will continue to be: windows and doors, up 20.9% to $8.5 billion; kitchens, up 20.8% to $6.9 billion, and room additions and dormers, up 20.8% to $5.7 billion.

However, 1985 is expected to be a slower year for new home construction. Housing starts are predicted to fall to 1.5 million compared to 1984's estimates of 1.75 million new units, according to Dean Crist, research economist with the NAHB.

Projections for 1985, Crist said, were based on the prime rate starting the year at 12.5%—it has dropped to 11.25%—and ending the fourth quarter with 14.8%; AAA Bonds being 13% during the first quarter of 1985 and ending the year at 14¾%, and Treasury Bonds estimated to be 10% during 1985's first quarter and ending the year at 11.74%.

The NAHB also predicts inflation averaging 5%, personal income growing at a rate of 6% and unemployment in the first quarter being 7.6% and ending the year at 8.4%.

Making projections for the coming year really can be "a shot in the dark," Crist noted. "Anytime you're forecasting that far out, you're always stabbing the dark. Fourth quarter 1985 is far away."

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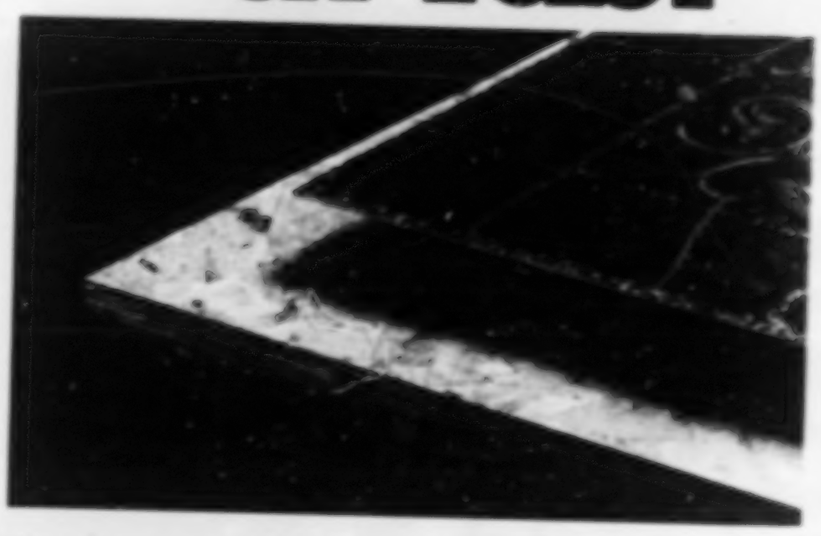

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LUMBER REPORT

Boise downplays building mat'ls; emphasizes more profitable areas

BOISE, Idaho — In an effort to concentrate more of its assets on the expansion of its profitable businesses, Boise Cascade will reduce its "exposure" to building products, and focus on paper, packaging and office products distribution.

Company officials insist, though, that these actions do not signal Boise's exit from home improvement retailing, an industry in which it was the 18th largest dealer in 1983, even though the company, over the past five years, has closed 34 building materials distribution facilities, leaving it with 78 retail and 12 wholesale operations.

Sales out of these outlets appear to be strong, equaling $592 million through the first nine months of 1984, ended Sept. 30, compared with $551 million for the same period in 1983. This year's volume seems to be running ahead of fiscal 1983, when annual sales for the division totaled $731 million.

"The closing of unprofitable stores will not materially affect the division's sales, primarily because those units were pretty much nonevents for us anyway," said Peter Danis, Boise Cascade's vp-distribution.

"We're not sending out a message to the home center industry," he explained. "But many, if not all, of the forest products companies are deciding where they want to be, geographically, in five years, and where they want to most profitably deploy their assets."

Danis said Boise's main sphere of business influence would be in the Western and Northwestern States, specifically with its paper and office products businesses. However, in some of its other segments, "we've concluded that we can't get the capital relative to their operational needs."

Boise Cascade will take a net pretax charge against fourth-quarter income totaling $71 million, or $1.67 per share. An estimated $30 million is related to the closure of three wood products facilities, moving its wood products marketing office from Portland, Ore., to Boise, and the buyout of a percentage of its Federal timber contracts.

Of the 1.4 billion board feet Boise has contracted with the Federal Government, it plans to buy out an estimated 200 million, according to Doug Bartels, a company spokesman, as permitted through legislation passed by Congress last year. "Essentially, we've been able to void the contracts and pay a penalty."

Another charge equaling an estimated $58 million stems from the closing of a large, though reportedly obsolete, Insulite manufacturing plant in International Falls, Minn., and the shuttering of several building materials distribution units. Insulite is a registered trademark of a hardboard product made by Boise.

Boise expects to record a $17 million pretax gain in the fourth quarter from the sale of its market pulp mill in Newcastle, New Brunswick, which was scheduled to close last month. These closings leave Boise with 29 building materials plants and 14 primary paper mills.

An indication of the company's future direction may be evident from its recently completed purchase of substantially all of Sonat Inc.'s interests in the two companies' joint venture, Boise Southern Co., based in DeRidder, La.

Boise assumes ownership of all that venture's forest products manufacturing operations, about 330,000 acres of timberland, and the venture's leases on 290,000 acres of timberland. It also assumes Sonat's share of Boise Southern's debt, equaling $100 million.

The deal, estimated at $200 million, was paid for with $56.5 million in cash and 1,226,994 shares of Boise's common stock.

Danis said that the company, whose sales were $3.5 billion in 1983, would, in all likelihood, be larger in the long run as the results of its recent closings and business attrition, because "our unprofitable segments will no longer be diffusing our capital, which we'll be able to funnel toward expanding existing operations."

Boise Cascade's retail and wholesale division was among those segments Danis thought could grow in the future, and he discounted the suggestion that the company's more than 30 stores in nonwestern markets like Texas and Oklahoma might be on the block.

FUTURES

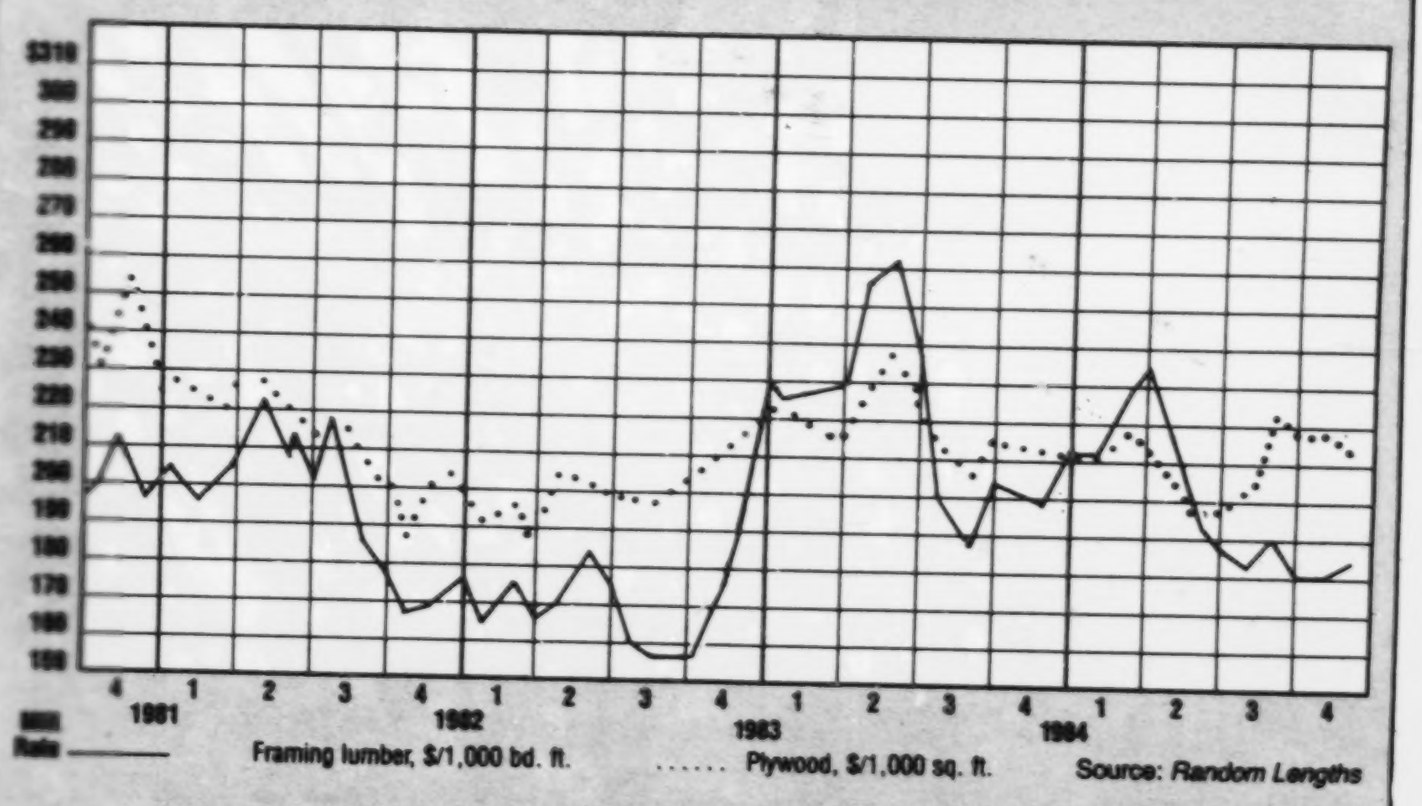
Two weeks ended Dec. 13, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Jan. '85	150.40	140.40	149.50	145.70	3,361	221.30	130.30
March	158.00	150.40	155.80	155.40	2,700	220.40	139.30
May	164.80	158.50	162.80	164.30	1,350	225.00	147.00
July	169.50	164.80	168.20	170.50	718	230.50	153.00
Sept.	172.50	168.50	170.80	173.00	591	197.50	157.50
Nov.	172.20	168.30	170.70	173.00	400	186.10	167.30
Jan. '86	177.50	173.50	176.10	178.50	126	187.20	173.50

Total Contract Vol. (Through 12/13): 21,970 — Previous Two Weeks: 18,052
Total Open Interest (as of 12/13): 9,278 — Previous Week: 9,094
Cash Price: $147.00 — Previous Week: $153.86 — Year Ago: $170.52

CME—Chicago Mercantile Exchange
*Figures for Thursday, Dec. 13.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

After a brief surge in late summer, on the strength of the Federal Reserve's signal that the money supply would not be tightened, the composite lumber and plywood prices plateaued.

The composite framing lumber price was $184 per thousand board feet in November, compared with $180 in October and September.

The plywood composite dipped to $212 per thousand square feet in November from $218 in October and $219 in September.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

C5150-6

USA HOUSING OUTLOOK—pp. 19-37
Expanding the high-end lock market—pp. 3

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National
Home Center News®

Vol. 11, No. 3 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. Jan. 28, 1985

New technology used in the construction of modular housing, such as these units being attached to their foundations, may make buying a home more affordable. NHCN *examines the housing outlook for '85, as well as how changes in materials used in home building affect what home centers sell, in a special section, beginning on page 19.*

New BE chief acts to boost morale; hires key executives

Hal Smith brings fresh merchandising acumen to So. California chain

By John Caulfield
NHCN senior editor

IRVINE, Calif. — "Builders Emporium is not a chain in trouble. But we are no longer the dominant chain in the market, even though we should by far and away be No. 1."

This comment, made by a spokesman for Sanford Sigoloff, chairman of Wickes Co., BE's parent, lays out in a nutshell what confronts Hal Smith, the 34-year-old former Handy Dan and Homeowner's DIY executive, who recently was named president of the 59-unit chain.

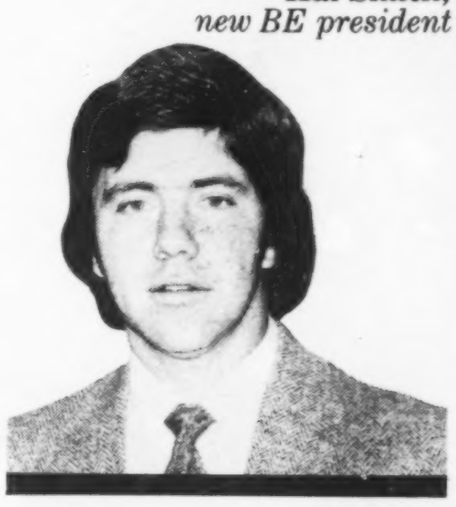
A veteran of the retail home improvement business, which he entered at the age of 21, Smith was praised by current and former employers for his managerial acumen, and is expected to bring much needed merchandising and operations expertise to the chain.

But he will need to restore stability to the chain racked with managerial strife in recent months, and satisfy Sigoloff, who has high demands to make BE more profitable, and has demonstrated little patience with managers who can't meet his performance standards.

Smith has also come on at BE when the chain is about to encounter intensified competition in southern California, as several warehouse companies have expressed plans to expand into the market.

And, despite his considerable experience with several prominent chains, running BE, whose sales last year hit an estimated $200 million and is among the 20 largest companies in the industry, will be quite different and more complicated than managing a five-unit, $35 million chain, the size of Homeowner's DIY, his last employer.

'. . . a new era for Builders Emporium.'
—Hal Smith,
new BE president



Smith apparently is not awed by his new position, though, and he has hit the ground running. He has already begun to overhaul the chain's merchan-

(Continued on page 65)

INNOVATIVE OPERATION

150-year-old independent thrives on its eccentricity

By John Caulfield
NHCN senior editor

BALLSTON SPA, N.Y. — Curtis Lumber, nestled along the Adirondack Mts., 40 miles north of Albany, has been in the Curtis family, off and on, since 1822. But it can hardly be called an antique.

Profitable, innovative, a company whose sales rose 21% to $32 million last year, this six-unit independent first experimented with computerized inventory management in 1969, and has since resisted falling back on its historical laurels to push ahead aggressively.

It hopes to add one, possibly two, new stores this year, probably in the Albany market. Having converted its stores to cash and carry in 1976, it is now building a second warehouse to handle the flow of merchandise into its branch units, one of which is currently being expanded. And its ad program, which is unusually extensive considering the remoteness of its stores and the rural markets they serve, will try out shared mailing promotions for the first time this year.

The retail stores are also supported by a network of manufacturing facilities, including a sawmill, truss plant, door factory and countertop plant, which all make products that have found their way in larger quantities into the units.

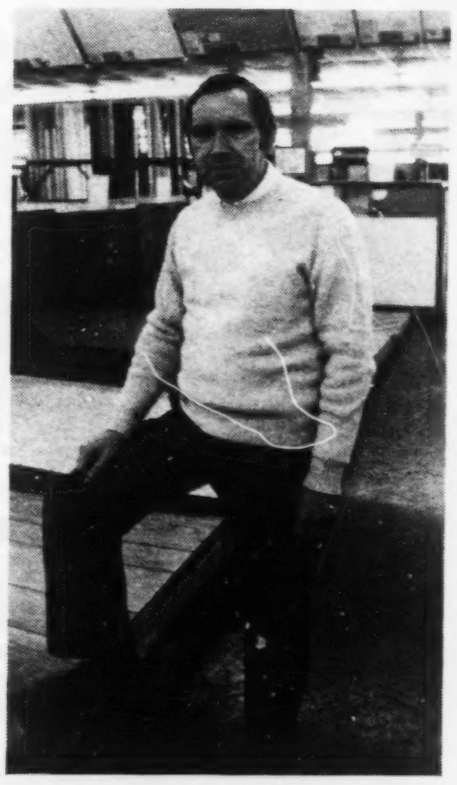
But when a company is more than 150 years old, as Curtis Lumber is, it tends to cultivate its own legends and eccentricities that bear little semblance to most people's image of a modern retailer:

- A story is told of a sales rep for a major paint company who, while waiting around Curtis Lumber's largest retail unit here a few years back, spotted an older man mopping up some water on the sales floor.

Much to his surprise, the rep later learned that the supposed-janitor was Bob Curtis, who doubles as the company's chairman and owner.

- Curtis' grandfather, Elmer, who reacquired the company in

(Continued on page 66)



Frank Blair, the 13th employee hired by Curtis Lumber, back in 1960, is now president of the $32 million independent.

NHCN photo

Stand-alone Ernst unit stresses project sales in warehouse setting

SEATTLE — Ernst Home Centers shifted its presentation significantly with the recent opening of its 70th outlet, in Spanaway, Wash., about 50 miles south of here.

The new, 34,000-sq.-ft. store incorporates warehouse merchandising, underscoring the chain's continuing evolution toward strengthening its emphasis on big-ticket projects.

In addition, the new facility is freestanding, a somewhat unusual approach for Ernst, whose units are often located in strip malls. In this case, however, the unit shares a parking lot with a Pay 'n Save drug store at 15615 Pacific Ave. Both stores opened in late November.

Vern Netzer, vp-real estate and construction for Ernst's parent, Pay 'n Save, said the outlet could be considered "an indication of Ernst's [design] direction" in the last half of the decade, but he elaborated that future new stores will not exactly be modeled after Spanaway. The chain is currently in the second year of a three-year program in which existing stores are being remodeled.

(Continued on page 65)

NEWSBREAKS

BUILDING MATERIAL SALES HIT $69 BILLION. Commerce figures for retail sales showed December to be stronger than expected. Building material, hardware sales, including mobile homes, reached $5.5 billion in December, up 15.3% from the year before, bringing the total figure for 1984 to $69 billion, compared to $59.9 billion in 1983.

BOYCOTT TO HIT LLOYD. The United Brotherhood of Carpenters and Joiners of America planned to boycott eight to 10 Lloyd Home & Building Centers, Danbury, Conn., starting Jan. 19, for selling Louisiana-Pacific products. Boycott is part of union's nationwide campaign against L-P for company's refusal to ratify a contract 19 months ago that other wood producers signed.

Dealers testing electronic home security

By Linda Lynton Carnevale
NHCN field editor

NATIONAL REPORT — Payless Cashways and Ernst Home Centers are among the handful of home center chains looking at adding whole house electronic security systems to their stores' merchandise mixes.

The product in the past has generally not been found in home centers, as its prohibitive price and consumer trepidation about its installation and overall effectiveness seemed to promise only minimal sales.

However, several manufacturers have devised programs aimed at the DIY market specifically. And the system's price, which could run about $1,000 when professionally installed, has been dramatically reduced to attract a larger consumer base.

The product is currently being tested at such chains as Builders Emporium and Mr. HOW Warehouse, and as more of the larger companies in the industry get into the category, dealers and suppliers expect the product's cost to drop and its consumer acceptance to rise.

"These systems fit in with the electrical security device line we already carry," said Bruce Knapp, a buyer for the 157-unit Payless, based in Kansas City, Mo. "And a lot of people are leaning more toward security now. We've never had a whole house system before, and it

(Continued on page 42)

INSIDE:

Tom Butz tackles the greengoods biz —Page 2
Peter Grace selected for City of Hope honor —Page 5
John Markley resigns from W. R. Grace —Page 3
NHCN's Home Center Industry trivia —Page 12

NHCNews Briefs

Industry Update

Builders Sq. sets new Chi. sites

CHICAGO — Builders Square is expected to soon break ground for three additional Chicago stores, a move chairman and president Frank Denny said is "imminent."

These three new stores should give Builders Square six units in Chicago by the end of 1985. The first three stores opened here last October. They, unlike the new locations, were converted K mart stores.

Home Quarters moves HQ

VIRGINIA BEACH, Va. — Home Quarters Warehouse, the new W. R. Grace warehouse home center chain, moved its headquarters Jan. 13 to a 4,500-sq.-ft. area inside one of the first two units the company plans to open later this quarter.

A former Woolco, the building housing the offices is located at 2866 Virginia Beach Blvd. in this city.

The company, which currently employs over 100 people, said it also plans to open a unit in Hampton, Va., by the end of March. (*NHCN*, Dec. 17, 1984.)

Mr. HOW readies Denver store

DENVER — Service Merchandise has broken ground on a new 72,000-sq.-ft. Mr. HOW Warehouse unit unit here in the suburb of Aurora, to be located next to one of its catalog showrooms.

The unit, which is expected to open sometime this fall, will represent the westernmost expansion for Mr. HOW, which is based in Margate, Fla., and currently operates 11 stores. New sites for 1985 that have previously been announced include four units in Cincinnati, five in Chicago and one outside of Columbus, Ohio.

2 Hardware Fair units on block

BALTIMORE — The Hardware Fair has put two of its 10 hardware/convenience stores on the block.

The decision to sell its 15,000-sq.-ft. unit on Charles Street and a 5,000-sq.-ft. store on Green Mount Avenue was made by company officials during the week of Christmas, and the two units were placed on the market in the first week of January.

"We felt we could generate more cash in selling these two stores, than keeping them open, to help us pare down our debt," said company president Skip Couser. He declined to specify a dollar figure for that debt except to describe it as "significant, but no where near as high as it was a year ago."

Couser was quick to note, though, that these sales were "in no way" a signal that the entire chain was for sale, "which is usually the conclusion your store managers get when they hear news like this." The manager in each of the stores for sale will be hired on to work in Hardware Fair's remaining stores.

Wickes to list new stock

SANTA MONICA, Calif. — Concluding the largest corporate reorganization in United States history under Chapter 11 of the current United States bankruptcy laws, Wickes Cos. was slated to list five new issues of stock on the Pacific Stock Exchange under the ticker symbol WKS. The company's legal counsel, Ed Kaufman, said the stock would be issued following the Jan. 26 effective date of the Chapter 11 plan of reorganization, and added that "it is not likely" Wickes will apply for trading privileges on the New York or American Stock Exchanges.

Copeland wholesale opens DC

PORTLAND, Ore. — Copeland Lumber Yards' wholesale subsidiary opened a new 60,000-sq.-ft. distribution center in North Portland earlier this month, as part of a corporate move to generate new business with nonaffiliated smalltown retail lumberyards in Oregon, Washington and Idaho.

The distribution center is located about 10 miles north of Copeland's corporate headquarters on five acres next to a rail siding. The facility, which opened Jan. 11, distributes lumber and plywood and box items including tools, hardware, paint and paint sundries and nails.

Privately owned Copeland, which posted more than $80 million sales in 1984, has 80 units in California, Washington, Arizona, Oregon, Nevada and Idaho.

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Vol. 11, No. 3 Jan. 28, 1985

Former Hardware Fair president finds niche in greengoods biz

By John Caulfield
NHCN senior editor

ABINGTON, Md. — Tom Butz, the former president of The Hardware Fair in nearby Baltimore, has become co-owner of a single-unit lawn and garden center here known as The Greenery.

His 50% investment into the store, which has been operating since November 1974, was based on its value as of Dec. 31, 1984, a figure Butz declined to divulge. The Greenery's sales last year were $800,000.

Butz has been a salaried employee of the store since October, four months after being let go at The Hardware Fair by its parent, American Shelter Industries (*NHCN*, Jan. 1). The son of Hardware Fair's founder, Butz spent 11 years as general manager there, becoming president a year ago after the chain was acquired by AMSHEL.

Butz was brought into The Greenery by co-owner Sherman Lupold to expand the unit's hardware selection.

"I've been thinking about getting more into hardware and related products for quite some time," said Lupold, who managed the store when it first opened, and bought it a year later. "I mentioned this to an accountant friend of mine, who also knew Tom and thought he [Butz] might be interested."

In a telephone interview earlier this month, Butz outlined some of his plans for the store, which include adding $70,000 worth of hard lines—plumbing,

(Continued on page 64)

L-P withdraws Davis Cup threat; USTA to address player conduct

By Laura Liebeck
NHCN field editor

PORTLAND, Ore. — Louisiana-Pacific will not withdraw its sponsorship of Davis Cup tennis matches as suggested by company president Harry Merlo last month. Merlo made that threat in response to what he characterized as inappropriate court behavior by several top male players during the recent matches held in Stockholm, Sweden.

"The team embarrassed themselves and the [American] flag and really did not live up to the traditions of Davis Cup," asserted Jerry Griffin, director of corporate communications for L-P, the forest products supplier which operates seven southern California home centers.

The company decided to continue its financial sponsorship of the matches—which last year amounted to $1.1 million—because Merlo's grievances are being addressed by the United States Tennis Assn.

"We are convinced they will take action" concerning player

(Continued on page 66)

Harry Merlo (inset), president of Louisiana-Pacific, has withdrawn his threat to end L-P's sponsorship of Davis Cup tennis pending review by the USTA on players conduct, such as John McEnroe.

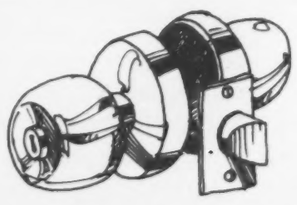
Highlights in this issue

USA Housing Outlook

Analysts predict that 1985 will be a flat year for housing, with some new factors coming into play that raise considerable uncertainty. Total housing starts could fall 9% from 1984's estimated figure of 1.74 million units, down to 1.58 million in 1985, according to the National Assn. of Home Builders.

—Pages 19-37

Merchandising



Dealers are finding an expanding market for higher-end locks and deadbolts as consumers' fears about crime lead them to purchase better quality merchandise. Retailers note, however, that this product continues to generate high turns because it is still dominated by promotional products.

—Pages 39-46

Advertising & Marketing

Home centers report 50% increases in insulation sales and gains in store traffic and total sales following fall promotions by the top three insulation manufacturers, who were about to launch their winter and spring promotions, just as the promotional fervor of the fall was abating.

—Pages 53-57

Index

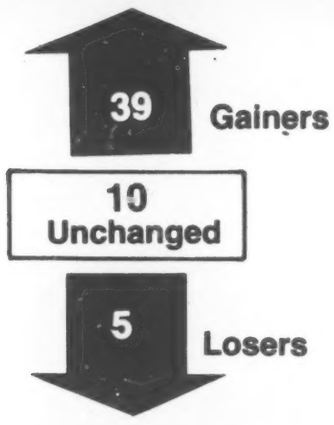
Ad Angles 56
Calendar 57, 61
Classified 62, 63
Editorial 8
Financial News 4
Home Center Trivia 12
Housing Watch 10
Lumber Report 16
New Products 48-51
Price Point Survey 57
People 12
Washington View 8
Winter Show Preview 6

Systems & Operations

Retailers thinking about expansion can take a lesson of "let the buyer beware" from Somerville Lumber. When Somerville optioned a piece of land for a new store, the chain found that there was more under the surface of the property than met the eye. The site was unusable, but the chain remains undaunted in its search for new store locations.

—Page 60

FINANCIAL NEWS

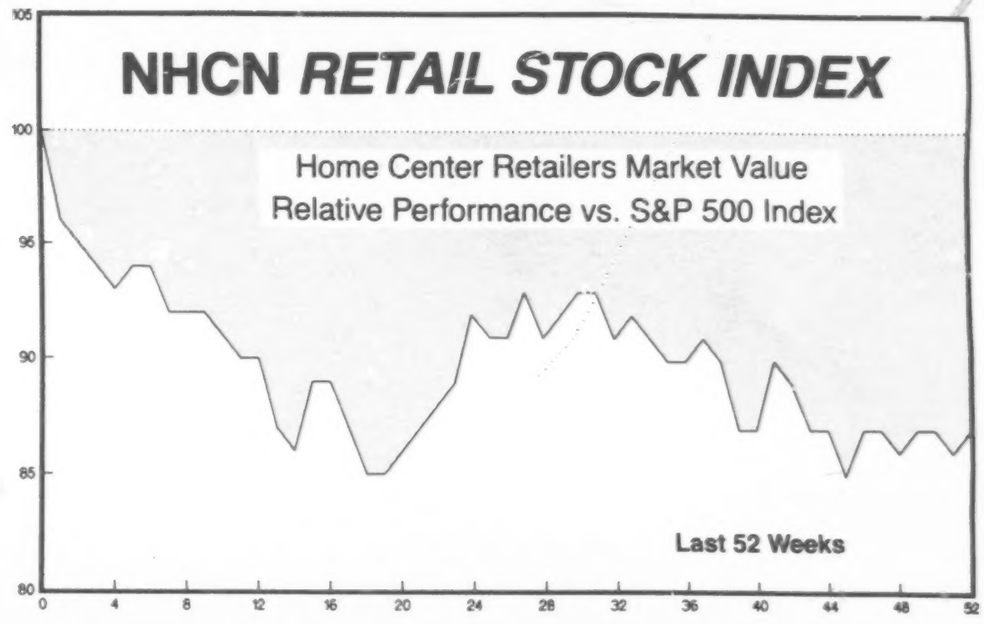


Winning stocks continued to outpace losers as 39 home center industry issues increased; 10 showed stock price declines, and five were unchanged, for the two-week period ended Jan. 11.

The stock market's show of approval for Lowe's Companies continues, as the firm exceeded its 52-week high to close at 25.38 on Jan. 11. Sales at the North Carolina-based firm were up 15% in December 1984, keeping Lowe's momentum going strong.

Hechinger B common stock, which closed at $23.75, is approaching its 52-week high of $26.50. Based on the company's sales and earnings increases and expansion plans, several analysts were bullish on Hechinger.

While still far from its yearly high of $27.87, Home Depot's common stock, though dropping 1.4% in the two-week period, is rebounding from its summer low near the $12 mark. The company's recent acquisition of the Bowater chain should serve to enhance the stock's attractiveness to investors.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Hechinger A ..... M	4,059	582.4	8.3
Grace W R ..... N	20,920	389.8	1.0
Edison Bros ..... N	1,743	319.5	.4
Scott Seabd ..... O	83	283.3	.0
Waxman Ind ..... O	593	272.3	35.8

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Color Tile ..... M	4,639	245.9	3.8
Weyerhaeuser ..... N	31,987	223.7	5.9
Hechinger B ..... M	1,305	213.0	10.5
Supermkts Gen ..... N	4,419	202.4	.7
Std Brd Pnt ..... N	3,233	199.0	6.2

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Waxman Ind ..... O	593	35.8	13.75
Mich General ..... A	2,918	22.4	7.50
Clopay Corp ..... A	83	13.8	19.63
Pope & Talbot ..... N	278	12.0	17.50
Potlatch Cp ..... N	3,025	11.8	32.00

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
SW Forest Ind ..... N	1,242	- 6.4	14.63
Forest City Ent ..... A	105	- 3.1	19.50
Emhart Corp ..... N	1,904	- 2.5	28.75
Home Depot ..... N	7,964	- 1.4	17.25
Thos Inds ..... N	268	- 1.4	18.00

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 1-11-85; 2-Weeks Change Amt., Pct.; 2-Week Range High, Low; 52-Week Range High, Low. Volume: 2-Weeks Shares Traded Total, % Out; 12-Week Avg. Vol. As % Out; Volume Trend Change.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt., Yld.; Latest Report New Report, Period, Date Ended; Latest Quarter Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg.; Year-to-Date Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg.

Company and Market	2-Weeks Ended 1-11-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade ..... N	40.25	- .13	- .3	41.00	38.63	44.63	32.50	10,073	3.79	1.39	172.7	10.9	1.90	4.7	.....	9 mos.	09-84	962.8	5.9	32.7	80.7	1.13	94.8	2909.7	14.1	94.1	103.7	3.24	120.4
Color Tile ..... M	16.88	.63	3.8	17.00	16.25	17.88	13.63	4,639	5.05	1.46	245.9	11.4	.00	0	.....	3 mos.	09-84	75.5	20.2	2.8	3.7	.31	19.2	75.5	20.2	2.8	3.7	.31	19.2
Edison Bros ..... N	33.50	.13	.4	33.88	33.13	42.75	32.50	1,743	1.72	.41	319.5	7.7	1.60	4.8	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber ..... O	18.50	.00	.0	20.00	18.50	24.75	18.00	46	.51	.41	24.4	8.6	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod ..... N	3.63	.00	.0	3.75	3.50	10.50	3.00	1,295	.94	.66	42.4	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(58.1)	NE	(4.44)	NE
Forest City Ent ..... A	19.50	- .63	- 3.1	20.38	19.38	21.25	15.00	105	.26	.23	13.0	62.9	.15	.8	NEW	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R ..... N	39.13	.38	1.0	40.00	38.75	46.63	36.50	20,920	4.31	.88	389.8	9.8	2.80	7.2	.....	9 mos.	09-84	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Hechinger A ..... M	22.75	1.75	8.3	22.75	20.25	22.75	13.50	4,059	5.80	.85	582.4	NA	.16	.7	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	23.75	2.25	10.5	23.75	21.25	23.75	14.00	1,305	.72	.23	213.0	21.6	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber ..... O	40.50	.00	.0	42.00	40.50	43.75	32.50	64	.36	.24	50.0	27.4	1.00	2.5	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Home Depot ..... N	17.25	- .25	- 1.4	17.88	16.63	27.88	12.00	7,964	3.19	1.98	61.1	31.4	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp ..... N	35.13	.63	1.8	35.50	34.13	37.63	26.75	25,275	2.02	1.26	60.3	8.4	1.24	3.5	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos ..... N	25.38	1.00	4.1	25.38	23.88	25.38	16.25	9,011	2.49	1.13	120.4	15.2	.32	1.3	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General ..... A	7.50	1.38	22.4	7.63	5.75	9.00	4.63	2,918	2.57	1.23	108.9	28.8	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	100.0	.18	20.0	344.3	335.8	3.7	15.6	.32	- 40.7
Natl Lumber ..... M	5.00	.38	8.1	5.25	4.63	10.00	4.50	587	1.04	.61	70.5	14.7	.00	.0	NEW	6 mos.	06-84	33.5	13.6	.4	- 60.0	.07	- 68.2	62.4	16.4	.7	- 41.7	.13	- 50.0
Pay N Pak ..... N	12.75	.75	6.3	12.88	11.50	18.50	11.50	2,764	2.76	1.13	144.2	11.3	.60	4.7	NEW	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash ..... N	17.25	1.75	11.3	17.50	15.13	23.75	13.50	8,899	2.75	1.30	111.5	13.9	.16	.9	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd ..... O	1.00	.00	.0	1.50	1.00	4.00	1.00	83	.46	.12	283.3	8.3	.00	.0	NEW	6 mos.	07-84	11.2	6.7	.2	- 33.3	.13	- 27.8	20.5	9.0	.2	- 33.3	.13	- 27.8
Scotty's Inc ..... N	14.00	1.00	7.7	14.00	12.88	16.25	11.38	979	.74	.51	45.1	10.5	.52	3.7	.....	3 mos.	09-84	101.7	6.6	3.4	6.3	.25	4.2	101.7	6.6	3.4	6.3	.25	4.2
Sears, Roebuck ..... N	32.63	1.25	4.0	33.00	30.88	36.88	29.50	43,245	1.20	.67	79.1	7.9	1.76	5.4	.....	9 mos.	09-84	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind ..... N	14.63	- 1.00	- 6.4	15.88	14.25	22.50	13.00	1,242	1.34	1.66	- 19.3	NM	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.25	NE	587.5	15.8	13.1	NE	.82	NE
Std Brd Pnt ..... N	19.25	1.13	6.2	19.50	18.13	22.25	16.50	3,233	2.90	.97	199.0	10.9	.54	2.8	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen ..... N	33.75	.25	.7	34.00	33.38	34.38	19.25	4,419	2.48	.82	202.4	13.7	.42	1.2	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wolohan Lumber ..... O	5.63	.50	9.8	5.75	5.13	6.50	4.00	464	.79	.55	43.6	17.6	.16	2.8	.....	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	72.7	103.0	22.8	1.8	38.5	.31	40.9
Wholesalers																													
Lewis Palmer ..... M	7.75	.50	6.9	7.75	7.13	10.81	7.09	533	1.43	1.21	18.2	12.9	.28b	3.6	NEW	6 mos.	07-84	40.3	19.9	.5	- 28.6	.15	- 40.0	69.4	17.0	.8	.0	.25	- 21.9
Manufacturers																													
Allegheny Int ..... N	24.25	2.00	9.0	24.88	22.00	33.88	18.75	1,423	1.35	.81	66.7	12.2	1.40	5.8	.....	9 mos.	09-84	585.3	6.1	10.2	209.1	.01	NE	1761.2	2.6	32.5	NE	.02	NE
Am Standard ..... N	32.00	1.63	5.3	32.25	30.00	33.25	22.88	4,718	1.21	.64	89.1	11.1	1.60	5.0	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	87.3	95.7	2.24	38.3
Armstrng Wrld ..... N	34.00	.75	2.3	34.00	32.00	34.00	22.25	5,931	2.47	1.17	111.1	9.7	1.20	3.5	.....	9 mos.	09-84	395.0	6.6	22.8	15.2	.95	18.8	1186.8	9.6	73.4	46.8	3.00	49.3
Black & Decker ..... N	25.00	1.63	7.0	25.00	22.63	28.00	17.25	13,422	2.67	1.20	122.5	12.8	.64	2.6	.....	fiscal	09-84	473.9	70.2	24.5	50.3	.48	29.7	1523.9	30.5	95.4	238.3	1.95	200.0
Certain-teed ..... N	22.00	- .13	- .6	22.38	21.50	23.50	15.50	1,101	.58	.39	48.7	12.0	.60	2.7	.....	9 mos.	09-84	327.0	11.2	3.6	- 74.6	.17	- 77.6	915.8	17.1	29.6	17.5	1.47	8.1
Champ Intl ..... N	21.63	- .25	- 1.1	22.25	20.75	28.38	16.88	30,556	5.55	3.10	79.0	10.2	.40	1.8	.....	9 mos.	09-84	1131.2	.8	40.2	64.1	.65	75.7	3430.7	7.7	109.4	87.7	1.76	107.1
Clopay Corp ..... A	19.63	2.38	13.8	19.63	17.25	19.63	13.63	83	.69	.38	81.6	10.9	.16	.8	.....	9 mos.	09-84	36.1	12.1	1.3	62.5	1.02	61.9	97.6	12.7	1.6	100.0	1.26	90.9
DeSoto Inc ..... N	33.88	.13	.4	34.00	32.50	34.38	26.50	290	.52	.36	44.4	10.1	1.40	4.1	.....	9 mos.	09-84	114.4	22.0	5.1	10.9	.91	11.0	329.2	19.3	15.1	8.6	2.70	8.0
Emhart Corp ..... N	28.75	- .75	- 2.5	29.50	28.00	31.59	24.53	1,904	.69	.40	72.5	8.5	1.27b	4.4	.....	9 mos.	09-84	420.6	6.9	21.4	9.7	.78	9.9	1346.3	8.5	64.8	16.3	2.35	15.8
Georgia-Pacifc ..... N	25.63	1.13	4.6	26.13	24.25	26.13	18.00	35,888	3.50	1.36	157.4	12.3	.80	3.1	.....	9 mos.	09-84	1880.0	10.0	83.0	2666.7	.72	1700.0	5334.0	10.5	218.0	144.9	1.95	137.8
Insilco Corp ..... N	19.00	.50	2.7	19.00	18.25	20.38	14.00	1,482	.87	.74	17.6	10.1	1.00	5.3	.....	9 mos.	09-84	207.0	16.9	9.1	9.6	.53	6.0	606.0	18.2	25.7	- 6.2	1.49	- 6.9
La Pacific ..... N	23.63	2.13	9.9	23.88	21.25	28.03	17.00	8,778	2.55	.86	196.5	28.8	.80b	3.4	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.19	46.2	946.3	16.9	21.2	1.9	.61	- 3.2
MacMiln Bldel ..... N	20.13	.88	4.5	20.13	19.25	26.06	17.19	73	.03	.04	- 25.0	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.80)	NE
Manville Cp ..... N	6.25	.38	6.4	6.25	5.50	13.63	5.50	4,701	1.96	.79	148.1	5.3	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.9	.92	55.9	1400.9	7.9	59.0	.2	1.68	- 15.2
Masco Corp ..... N	27.63	- .25	- .9	28.25	26.00	31.91	22.50	5,502	.97	.92	5.4	12.7	.56	2.0	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum ..... N	39.75	1.38	3.6	40.00	37.50	40.00	27.00	3,746	2.41	1.17	106.0	6.3	1.76	4.4	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos ..... N	15.50	.00	.0	15.63	15.13	17.63	13.25	176	.21	.46	- 54.3	10.5	.50	3.2	.....	9 mos.	09-84	67.6	- 2.3	3.1	- 20.5	.35	- 27.1	218.6	32.6	10.0	6.4	1.11	.0
Omark Ind ..... N	37.25	.25	.7	37.25	37.00	37.25	20.38	892	1.25	2.47	- 49.4	19.4	1.08	2.9	.....	3 mos.	09-84	76.0	- 1.6	4.0	- 16.7	.57	- 13.6	76.0	- 1.6	4.0	- 16.7	.57	- 13.6
Owens Corning ..... N	32.38	.38	1.2	33.50	30.50	38.13	25.13	4,011	1.36	1.05	29.5	8.3	1.40	4.3	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Pope & Talbot ..... N	17.50	1.88	12.0	17.88	15.63	26.25	15.00	278	.46	.56	- 17.9	16.4	.80	4.6	.....	9 mos.	09-84	83.2	26.8	(.6)	- 100.0	(.10)	- 100.0	241.7	14.2	4.1	- 52.3	.69	- 52.1
Potlatch Cp ..... N	32.00	3.38	11.8	32.13	28.50	37.50	25.75	3,025	1.97	.68	189.7	11.8	1.56	4.9	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms ..... N	30.00	2.00	7.1	30.13	27.75	32.38	22.25	5,196	2.29	.92	148.9	11.0	.76	2.5	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.10	18.3	1573.7	4.6	55.9	16.2	2.40	24.4
Stanley Works ..... N	27.13	1.25	4.8	27.13	24.50	29.13	19.50	6,227	2.24	1.03	117.5	10.7	.96	3.5	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
Thos Inds ..... N	18.00	- .25	- 1.4	18.25	17.38	18.88	12.38	268	.32	.31	3.2	9.9	.62b	3.4	.....	9 mos.	09-84	79.5	38.7	4.3	22.9	.50	- 5.7	214.6	31.7	12.0	51.9	1.41	35.6
Triangle Pac ..... N	26.75	- .25	- .9	27.25	26.75	28.38	20.75	305	.75	.53	41.5	8.1	1.00	3.7	.....	9 mos.	09-84	71.5	15.1	4.3	30.3	1.02	22.9	207.5	24.1	10.7	25.9	2.59	23.3
USG Corp ..... N	62.50	4.13	7.1	63.50	58.38	65.25	45.00	5,783	3.51	1.51	132.5	6.0	3.00	4.8	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim ..... N	32.13	.63	2.0	32.13	31.00	32.88	22.00	5,400	2.58	1.24	108.1	8.1	1.20	3.7	.....	fiscal	08-84	656.6	14.7	33.7	27.2	1.36	30.8	2287.8	13.0	97.0	37.4	3.96	31.1
Waxman Ind ..... O	13.75	3.63	35.8	14.00	10.63	13.75	4.13	593	3.50	.94	272.3	16.0	.06	.4	.....	3 mos.	09-84	20.5	99.0	.7	250.0	.40	185.7	20.5	99.0	.7	250.0	.40	185.7
Weyerhaeuser ..... N	31.38	1.75	5.9	31.38	28.75	34.75	25.00	31,987	2.46	.76	223.7	17.0	1.30	4.1	.....	9 mos.	09-84	2670.6	113.3	58.3	9.6	.40	14.3	4141.9	14.3	198.8	47.5	1.36	56.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

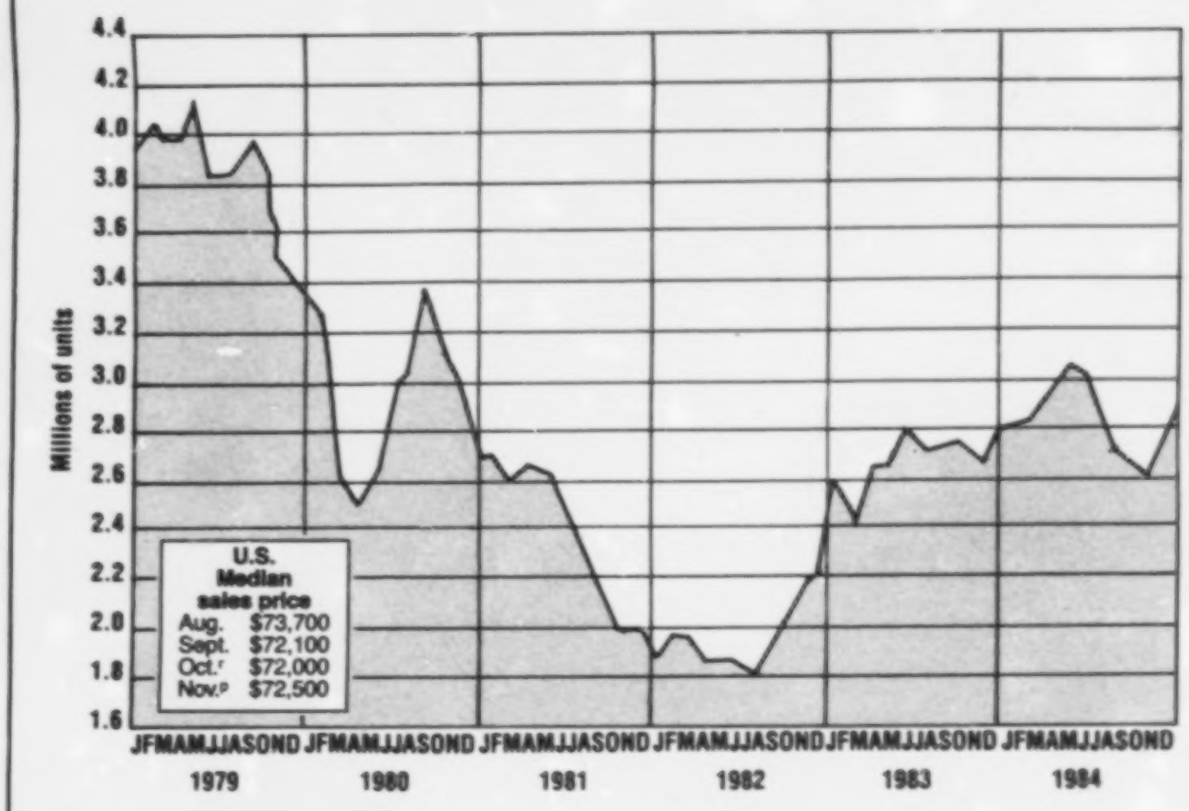
Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

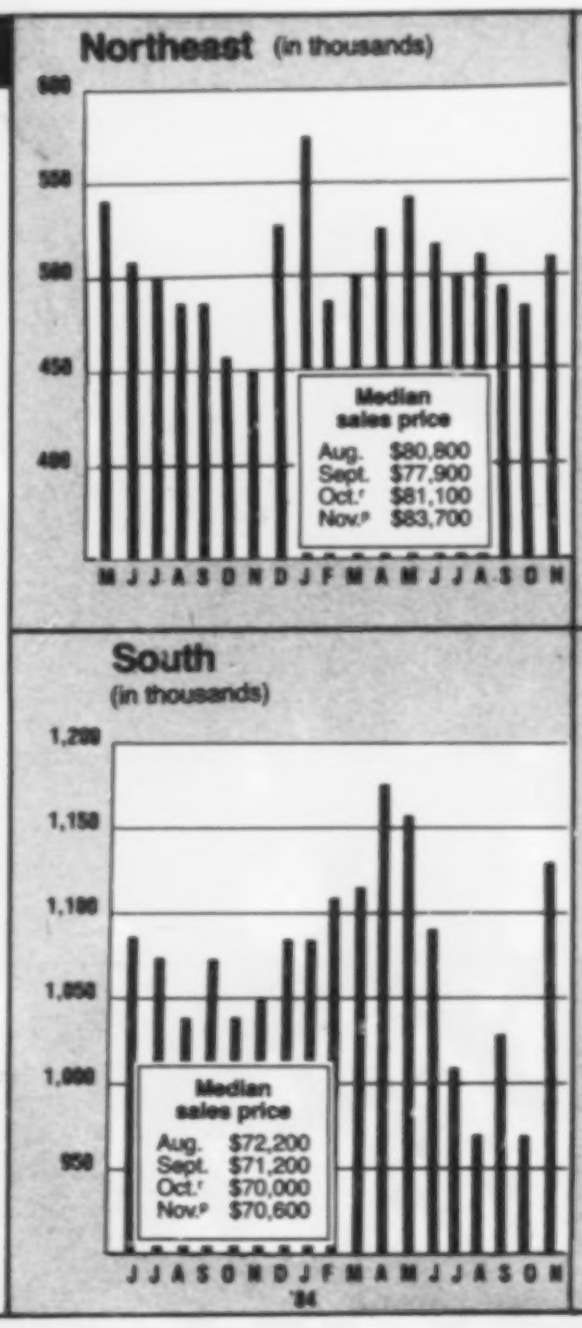
HOUSING WATCH

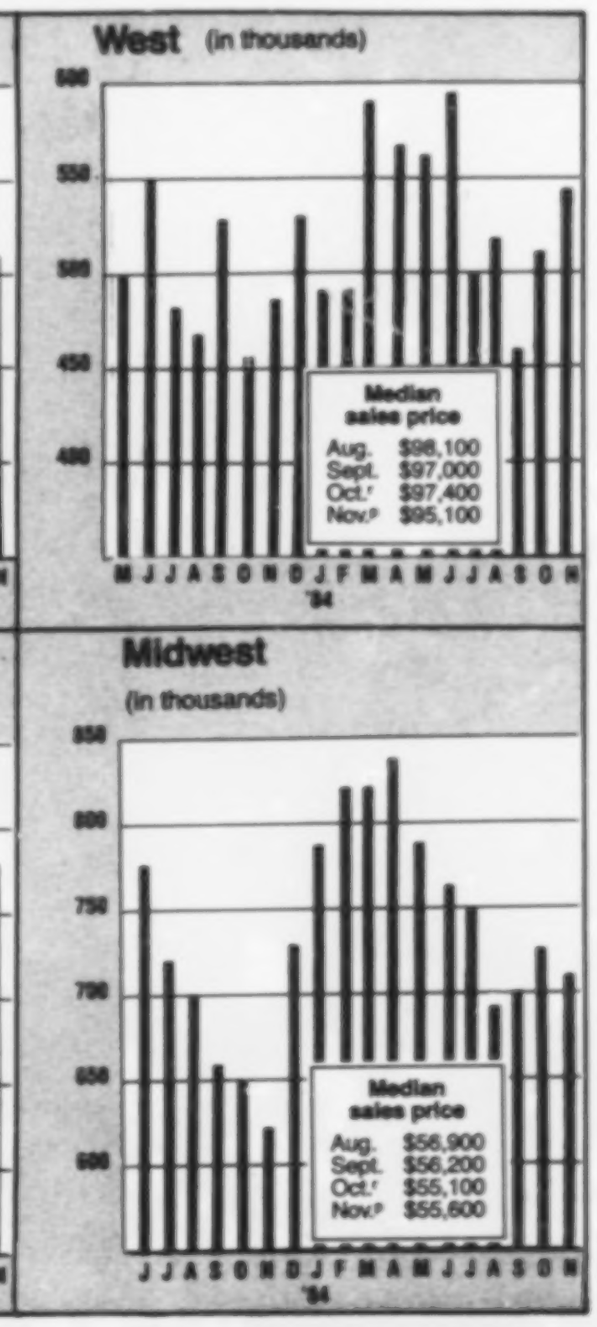


Lower interest rates and milder weather caused November's existing single-family home sales to rise 9.1% over the previous month to 2.89 million units, seasonally adjusted, according to the National Assn. of Realtors. Home resales were particularly strong in the South with 1.13 million units, seasonally adjusted.

p = preliminary r = revised

Source: Nat'l Assn. of Realtors





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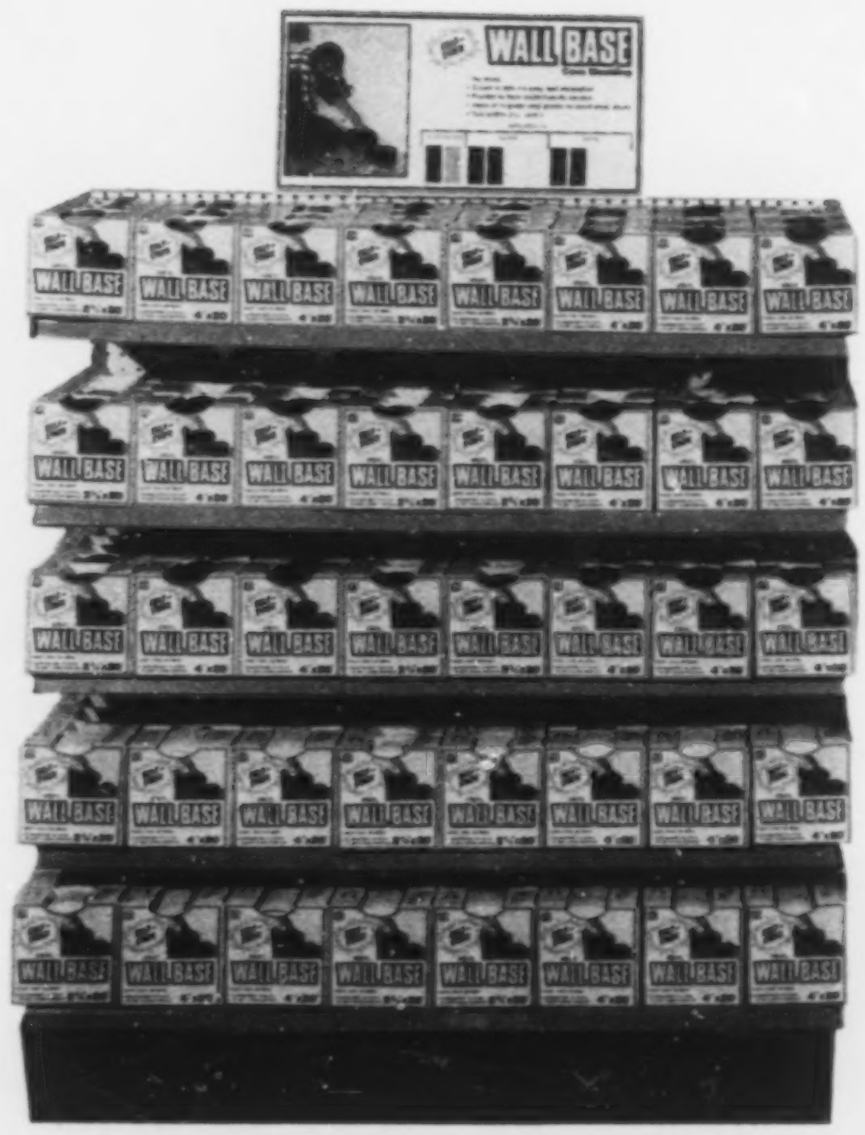

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Rise in home resales attributed to declining mortgage interest rate

NATIONAL REPORT — The November resale rate for existing single-family homes rose to 2.98 million units, seasonally adjusted, its highest level in six months, according to the National Assn. of Realtors. This is over 9% above the October level.

"Most of the improvement in the home resale market was attributable to lower mortgage interest rates than those available earlier this year, coupled with milder-than-usual weather," said David D. Roberts, president of the association.

These lower rates, combined with a growth in family income made homes more affordable in November. The association's affordability index rose to 85.6%, its highest since September. The index means that a family earning the median national income of $26,157 has 85.6% of the money needed to qualify for a mortgage on a median priced resale home, which in November cost $72,500.

The low mortgage interest rates are expected to decline still further into the third quarter of 1985, according to Jack Carlson, senior economist with the association. This together with an increase in family income could outpace the modest increase in home prices, and so cause the affordability index to climb to 90%.

In November, the average effective rates on mortgages closed by major lenders dropped from October's 13.04% to 12.89%, according to the Federal Home Loan Bank Board. The effective rate takes into account both fixed-rate and adjustable rate mortgages.

In spite of these falling rates new home sales fell nearly 12% in November from the previous month to 591,000 units seasonally adjusted, according to the Dept. of Commerce.

All regions had a decline in new home sales with the largest drop of nearly 26% occurring in the Northeast, down to 74,000 units, seasonally adjusted. The South dropped 10.5% from October to 283,000 units.

Consequently there were more new homes for sale in the United States at the end of November than in the previous month.

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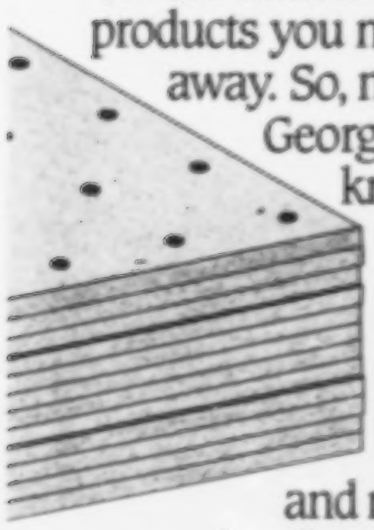

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LUMBER REPORT

Survey finds contractors remain bulk of lumber dealers' business

EUGENE, Ore. — Despite the surge in DIY business, most of the nation's lumber retailers continue to rely on the professional trade for the bulk of their business, according to a recent survey conducted by *Random Lengths*.

The survey of 170 dealers nationwide found that four times as many dealers rely on professionals, rather than DIYers, for the bulk of their business.

This trend was strongest in the South and weakest in the West where, in fact, dealer emphasis was about evenly divided between contractor and DIYer.

This national trend is expected to continue and is not substantially different from what *Random Lengths* found in a similar survey a year ago.

In fact, 60% of the nation's dealers are expected to emphasize sales to the contractor, at least for the first half of this year. Last time the question was asked, about 1984, the dealer response was 66%.

The species of lumber carried, of course, has something to do with the region where the dealer operates.

In the Northeast and Midwest dealers report that most lumber comes from the West, including Canada. While southern wood is carried, it is the main product of only 10% of the dealers questioned.

In plywood, however, the *Random Length's* survey confirms that southern plywood has made inroads into the Northeast and Midwest, where southern plywood has a much stronger presence than southern lumber.

In the West, more than 90% of dealers polled said that western sources were their primarily suppliers for lumber and that for plywood, too, they relied on western products.

The impact made by wholesalers and buying co-ops remains about the same as last year, according to the survey. Just over half of the nation's dealers rely on wholesalers for wood rather than purchasing directly from mills.

About 40% of dealers said that they relied on cooperatives for at least some of their product. Dealers in the Northeast have traditionally maintained ties with co-ops and this trend continued, but weakened somewhat.

The survey found that 55% of Northeast dealers rely on co-ops compared with 66% a year ago.

In the Midwest about 40% of dealers buy through cooperatives, while less than a third of western and southern dealers use these sources.

Southern dealers are most likely to buy direct, according to the *Random Length's* survey. They also reported the greatest increase in competition.

About 90% of dealers in the South said competition increased during the past five years, while just over 75% of dealers nationwide thought competition had increased during that period.

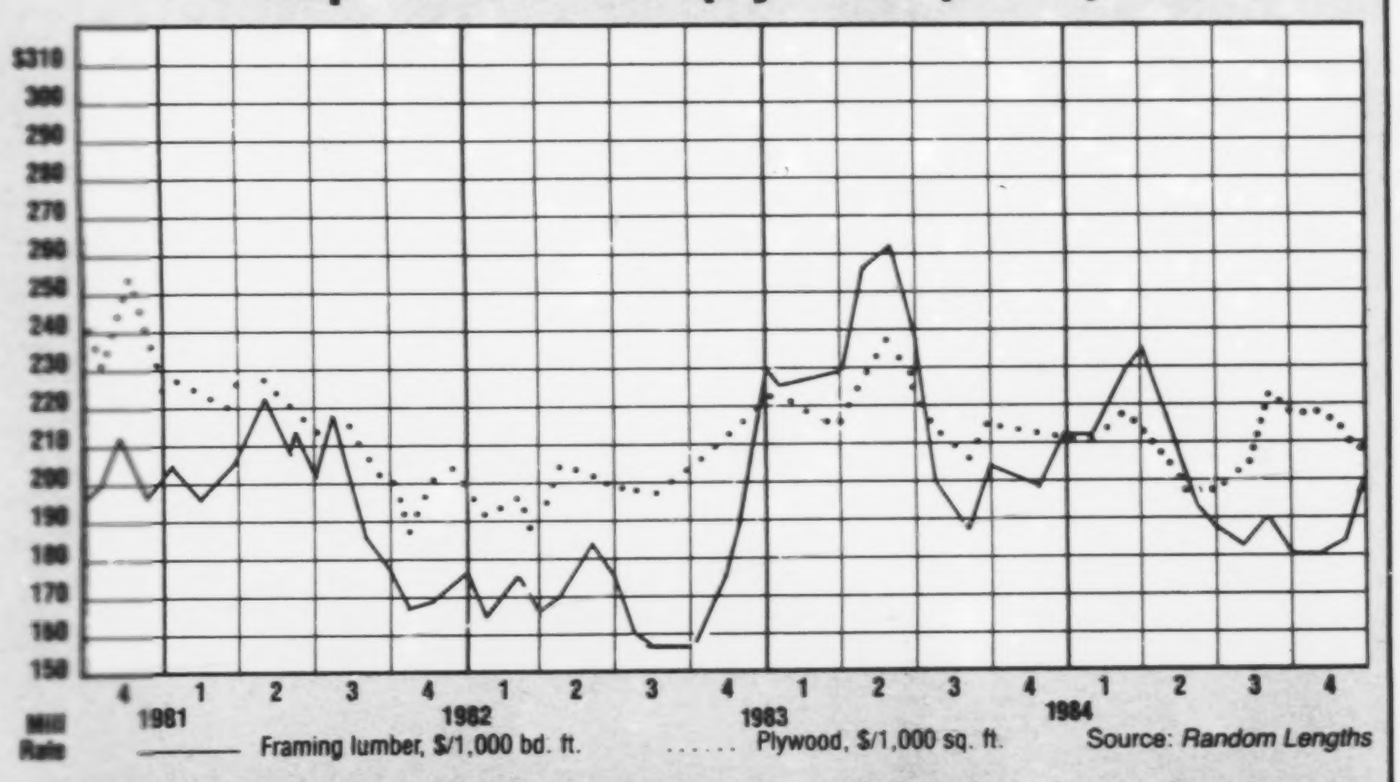
On average, 60% of dealers nationwide thought competition had grown more fierce just in the past year. Again, southern dealers reported such an increase more often than dealers in other regions.

In addition, the survey this year also found that about half of the nation's dealers added nonwood products in hardware, plumbing electricals and tools to their merchandise mix last year.

The trend was strongest in the Northeast, where 70% of dealers reported increasing their nonwood offering.

DIY clinics were held by about 40% of dealers nationwide, according to *Random Lengths*. While half of Midwestern dealers used this technique to build their markets only about a quarter of Southern retailers did.

Composite lumber/plywood price profile



Source: *Random Lengths*

Declining interest rates started to affect lumber prices in December and some observers predicted a surge in prices this month if rates continued to drop.

At the end of December the composite lumber price was $200 per thousand board feet, while the plywood composite was $209 per thousand square feet, slightly off from November.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices

Plywood prices have remained fairly level during the past few months.

Western plywood sold for $208 per thousand square feet in November and $207 in December.

Southern pine plywood, westside, sold for $185 per thousand square feet in November and $175 in December.

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USA HOUSING OUTLOOK

Trade-up buyers, tax plan key to 1985 housing

By Elizabeth Brent
NHCN field editor

NATIONAL REPORT — Analysts predict that 1985 will be a flat year for housing, with some new factors coming into play that raise considerable uncertainty.

Total housing starts could fall 9% from 1984's estimated figure of 1.74 million units, down to 1.58 million in 1985, according to the National Assn. of Home Builders.

Although single family starts are expected to drop by 5% from 1.047 million units in 1984 to 996,000 units, there will be a slight swing to more single-family compared to multifamily building. Multifamily units are expected to drop by 16% from 691,000 to 584,000.

It may also be a slower year for new home sales, according to the NAHB, dropping 22% from 647,000 units in 1984 to 507,000 units in 1985.

"The new housing market is still healthy" said Dean Crist, economist with the association. "Based on the numbers we have here, it's not that bad a year."

The key to this year could well lie in the trade-up market rather than with the first-time buyer, according to William Apgar, director of the Housing Futures Project at the Joint Center for Urban Studies of M.I.T. and Harvard University.

"There is not much pent-up demand left in the system," he said. "The shortfall from the early 80's has worked off, and it all hinges on the home resale market for a revival in housing starts."

The growing importance of second time buyers is seen by the fact that 60% of all new homes were sold to second-time buyers between July 1983 and 1984, compared with only 52% a year earlier.

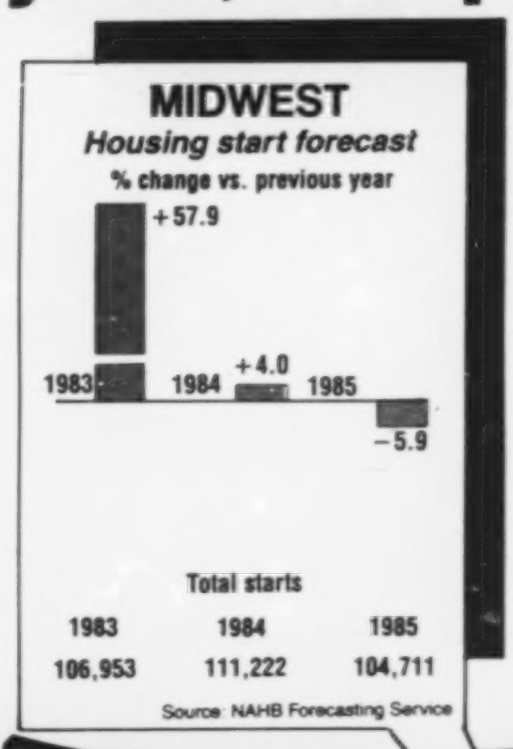
A new factor coming into play in the housing market, which has already caused anxiety in resort areas and slowed second-home sales, is the Treasury Department's tax simplification plan. It could well lead to a drop in house prices as well as a de-

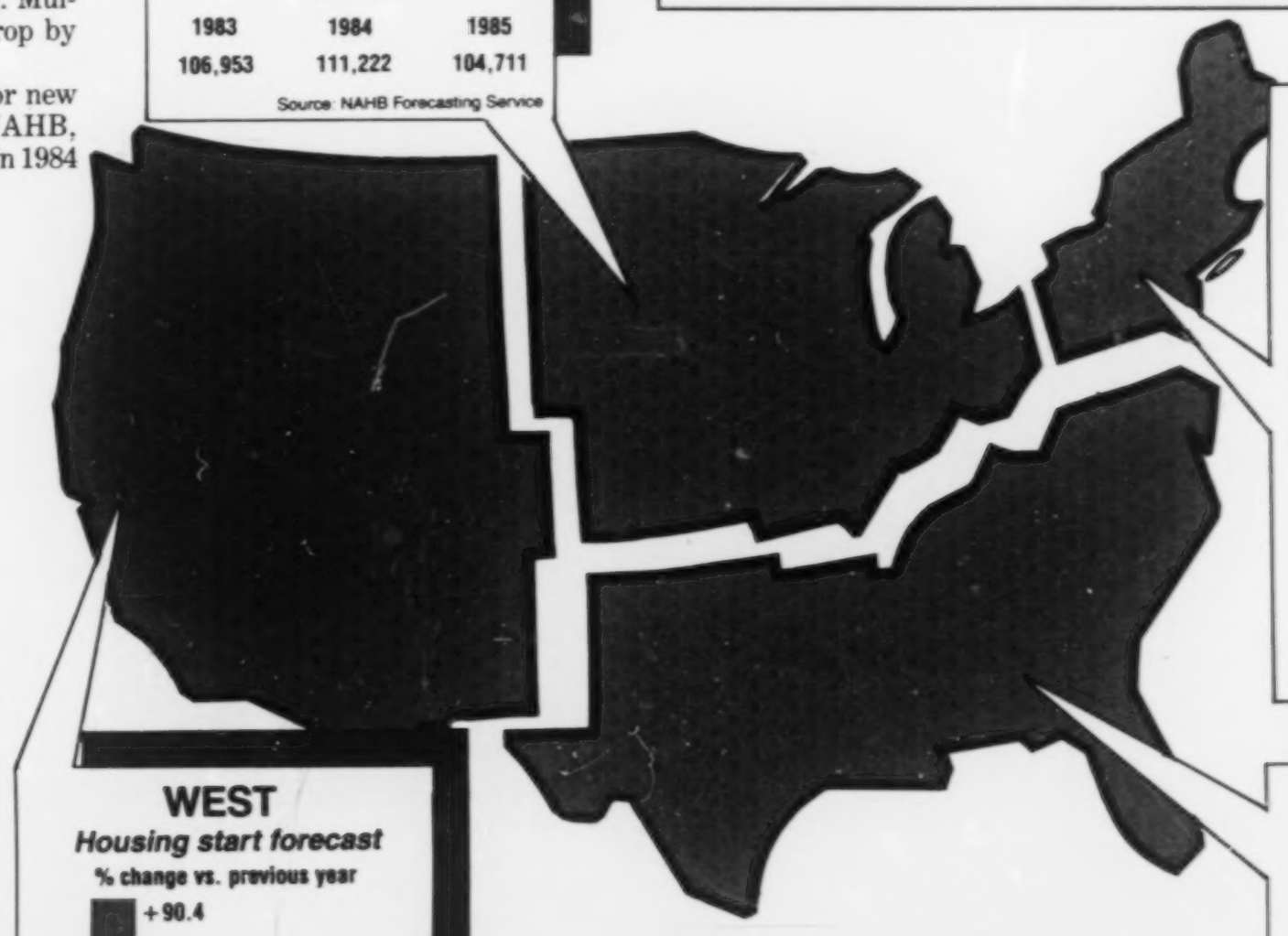
(Continued on page 22)

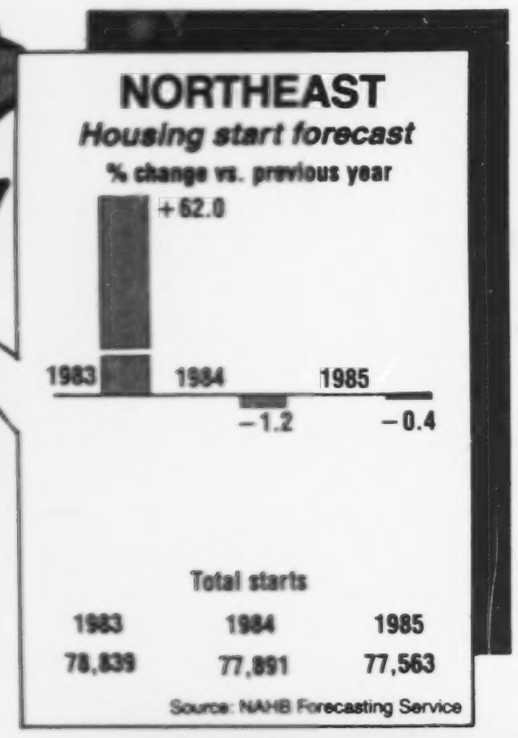
United States Housing Starts— 1983 through 1985*

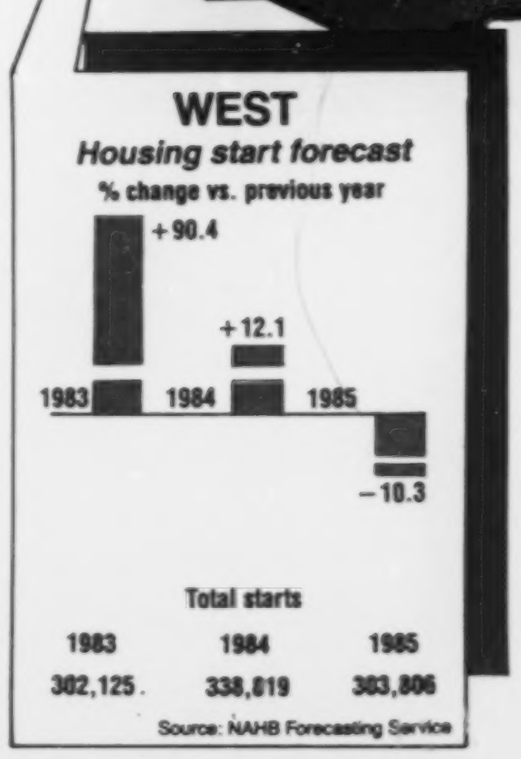
	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985* I	ANNUAL DATA 1983	1984	1985*
Total starts	238,641	247,940	299,303	257,512	209,949	209,622	996,834	1,014,678	925,659
% change vs. previous year	36.0	23.6	4.9	(7.2)	(12.0)	(15.5)	70.2	1.8	(8.8)
Single family	126,206	129,227	160,507	135,420	115,448	115,591	544,945	540,602	517,457
% change vs. previous year	34.5	20.7	(4.5)	(9.5)	(8.5)	(10.6)	71.5	(0.8)	(4.3)

Parentheses denote % decrease
*Projected
Source: NAHB Forecasting Service

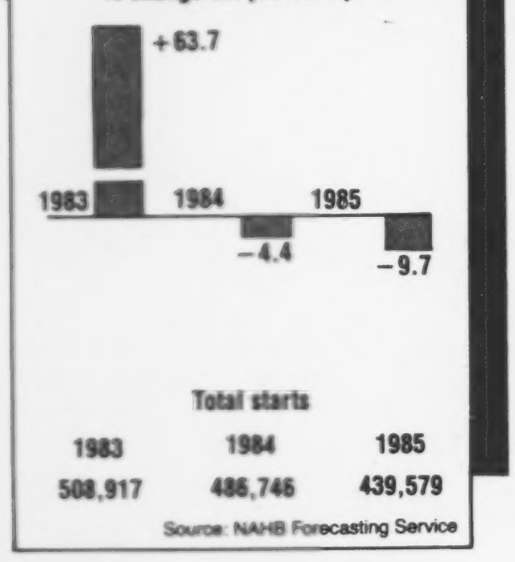








In 1985, all regions of the country are likely to experience a fall-off in housing starts from last year. However, home building activity is expected to remain fairly level with 1983, a year in which housing starts soared in all four regions. NHCN charts

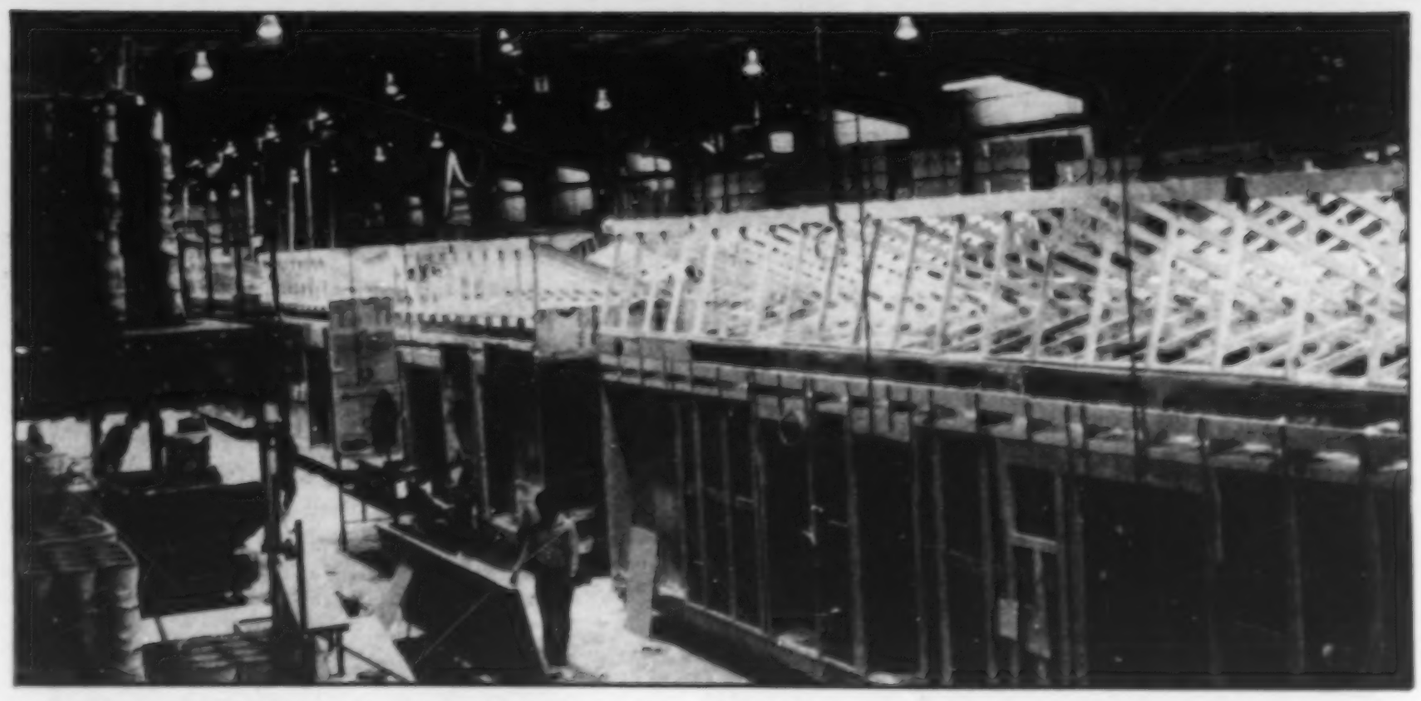


Upgraded factory-built housing: An affordable option

NATIONAL REPORT — The combination of factory- and stick-built homes that one Southern California development is experimenting with could be the answer to affordable housing options sought by other high-priced communities.

Developers of the 563-unit Green Hills subdivision in suburban Yorba Linda, Orange County, Calif., are offering upgraded mobile home units for between $103,000, and $130,000 while the stick-built houses will sell for between $160,000 and $200,000-plus, prices more typical of the local market.

The Green Hills development opens the marketplace to families previously excluded from home ownership. Don Steffensen, senior vp at John D. Lusk & Son in Irvine, Calif., one of the three participants in the venture, said the traditional homebuilding company introduced the project because "we saw an opportunity to produce a more affordable product."



Aimed at providing housing in rural and small communities, this Ryland Group plant in Columbia, Md., manufactures modular housing units for later assembly at permanent site.

This project, although the first of its kind, is reflective of the changing values in home construction and the commitment by all types of home builders to produce housing at affordable prices.

Large home building companies like Ryan Homes Inc. of Pittsburgh and the Ryland Group are using factory-built units throughout their operations. In fact, Ryland, based in Columbia, Md., created a separate division in 1982 dedicated to building just modular housing units. Cardinal Industries of Columbus, Ohio, an established modular builder of apartments, motels and office structures, two years ago introduced single-family dwellings into its product line and plans to eventually market the product, now only sold in Florida, on a national scale.

Generally, the implications for the home center industry are positive. More homeowners should result from the improved factory-built housing technology. Whether factory production of these units will divert sales from home centers still is unclear.

And the entire manufactured housing industry still has to overcome problems of mortgage financing, zoning and image.

Prompted by trade associations for the mobile housing industry and by a 1982 report

(Continued on page 30)

USA HOUSING OUTLOOK

Housing materials shifts affect what home centers sell

Fireplaces

Number of firelaces	% of homes 1982	% change since 1974
None	30	−30
One	56	+10
Two	10	+67
Three plus	4	n/a

Roofing

Material	% of market 1982	% change since 1974
Asphalt shingles	50	− 38
Fiberglass shingles	35	+3,400
Wood shingle	3	− 25
Wood shake	6	− 33
Built-up roofing	1	− 50

Ceiling Insulation

Material	% of market 1982	% change since 1974
Fiberglass	71	− 14
Rock wool	19	+ 73
Cellulose	10	+1,000

Windows

Material	% of market 1982	% change over 1974
Aluminum	59	+ 16
Wood	26	− 42
Aluminum clad	1	n/a
Vinyl clad	8	+167
Steel	2	n/a
Vinyl	0	
Other	4	

Exterior Wall Insulation

Material	% of market 1982	% change since 1974
Fiberglass	86	+ 5
Rock wool	11	− 8
Cellulose	1	−83

Siding

Material	% of market 1982	% change over 1978
Plywood	13	+ 8
Hardboard	30	+ 88
Lumber	7	− 13
Shingles	3	+ 50
Brick	21	− 13
Concrete block	3	0
Stucco	10	− 29
Aluminum siding	9	− 31
Vinyl siding	2	+100

Flooring

Material	% of market 1982	% change since 1974
Carpet	74	+ 4
Resilient tile	5	−58
Resilient sheet goods	13	+86
Wood strip	3	−40
Ceramic tile	2	−33

Front Doors

Material	% of market 1982	% change over 1974
Wood flush	24	+380
Wood panel	9	− 86
Steel flush	31	+ 19
Steel embossed	33	+450

Source: National Home Builders Association, Washington, D.C.
n/a: material held no market share in year to which current figure is being compared.

Materials used in windows, doors, siding, roofing, insulation and other new home components are rapidly changing: Fiberglass shingles, used in only 1% of new homes 11 years ago, were used on 35% in 1982. Other materials to increase dramatically included vinyl clad windows, steel front doors and hardboard siding.

By Phillip M. Perry
NHCN associate editor

NATIONAL REPORT — Home center products may undergo changes as a result of shifts now under way in components used for new housing.

Materials used in windows, doors, siding, roofing, insulation and other new housing components are in a state of flux, according to figures tracked by the National Association of Home Builders, Washington.

Gains made by some materials over the past decade have been dramatic. Fiberglass shingles, used on only 1% of new homes in 1974, were used on 35% in 1982. Over the same period, the share of new homes outfitted with vinyl clad windows rose from 3% to 8%.

Other changes included a doubling of the use of steel front doors and an 88% increase in the incidence of hardboard siding.

"If there is a trend in new housing, we [home centers] will soon be there," said Phil Rogers, senior commodities manager at Payless Cashways, the Kansas City-based home center chain which makes some 95% of its $1.18 billion annual sales to do-it-yourselfers. "Maybe we're a half step behind, but not a whole lot."

Smaller home center operators expressed similar views.

"We watch the trends [in new housing materials], we sure do," said Robert H. Lummus Jr., president of Lummus Supply, an Atlanta chain that made 30% of its $18 million in sales last year to DIYers. Lummus keeps a running list of requests from its contractor customers. Once a pattern in such requests is perceived, the products are added to the chain's four stores.

"Dollars and cents have a lot to do with these things," said Martin Mintz, director of technical services at the NAHB.

"If a builder sees that he can build a house more economically, he'll go with a different material."

Roofing: Fiberglass erodes asphalt's lead

While fiberglass shingles have been making rapid inroads in the new housing market, asphalt shingles have been in a state of decline. By 1982, their share of the new housing market had dropped to 50%, from an 81% level in 1974.

"Fiberglass shingles are better performing in terms of durability and fire protection," said Ronald E. Gebhardt, vice president of product development of Ryan Homes, a Pittsburgh-based builder, with offices in 27 cities, that constructs from 8,000 to 9,000 new homes annually. "We are now 100% fiberglass shingles," he added, noting that the company had phased in the product gradually over the past three years.

Dr. Robert C. Stroh, director of the special studies division of the NAHB Research Foundation, noted that fiberglass shingles were "lighter weight, and easier to handle" than asphalt ones.

Ceiling Insulation: Cellulose increases; fiberglass declines

If fiberglass has gone gangbusters in shingles, it's done less well retaining the full extent of its market share in ceiling insulation.

Fiberglass accounted for 83% of all new home ceiling insulation in 1974, but the figure dropped to 71% in 1982. Rock wool, the nearest competitor, rose from 11% in 1974 to 19% in 1982.

Cellulose, however, accounted for the most dramatic rise in ceiling insulation market share over the same period, rising from only 1% to 10% of the market.

"We have found that cellulose is less expensive than fiberglass or rock wool," said Gebhardt of Ryan Homes. "Today, 75% of our new homes have blown-in cellulose in the flat ceiling areas."

Exterior Wall Insulation: Fiberglass up; cellulose down

Fiberglass continues to be popular as the dominant product used in exterior wall insulation, however. The product had captured 82% of the new housing market in 1974. This share rose to 86% by 1982. At the same time, rock wool's market share of 12% in 1974 remained fairly steady over the ensuing eight years.

The fact that cellulose's market share dropped dramatically from 6% in 1974 to only 1% in 1982 might be surprising, given the growing presence of that material in ceiling insulation. However, the loss in its share of wall insulation reflects the growing realization on the part of home builders concerning the limitations inherent in the product.

"Cellulose tends to settle with gravity, so it is not as attractive as wall insulation," explained R. Hartley Edes, executive director of the Insulation Contractors Assn. of America, Washington. However, Edes added that a new variety of cellulose insulation, which will stay in place once it is blown into a wall, has been introduced recently. As a result, the product may gain more market share in the future.

Siding: Hardboard more popular

Of all materials used as siding for new homes, hardboard product has achieved the most rapid rise in market share.

In 1978, hardboard accounted for only 16% of all siding in new homes. This figure was only slightly higher than the 13% market share captured by aluminum siding. In that year, vinyl siding only had 1% of the market.

(Continued on page 28)

USA HOUSING OUTLOOK

Northeast Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
BOSTON, MASS.	2,625	1,350	2,350	1,950	1,700	1,475	8,667	7,350	7,000
% change vs. previous year	146.1	13.3	(70.3)	(19.6)	(32.7)	9.3	61.3	(8.9)	(4.8)
Single family	1,225	750	1,700	1,250	1,100	800	4,515	4,800	4,500
% change vs. previous year	120.7	18.1	(76.5)	(12.6)	(10.2)	6.7	96.3	6.3	(6.3)
BUFFALO, N.Y.*	404	263	601	410	358	300	1,478	1,632	1,600
% change vs. previous year	71.5	40.6	48.4	(15.1)	(11.2)	14.1	45.8	10.4	(2.0)
Single family	307	225	484	350	300	250	1,234	1,359	1,300
% change vs. previous year	48.3	35.5	29.4	(9.6)	(2.3)	11.1	39.9	10.1	(4.3)
HARRISBURG, PA.*	410	350	425	525	450	300	1,745	1,750	1,850
% change vs. previous year	70.8	55.6	(7.6)	(19.2)	9.8	(14.3)	89.7	0.3	5.7
Single family	300	275	300	400	350	250	1,320	1,325	1,400
% change vs. previous year	97.5	37.5	(23.1)	(7.0)	16.7	(9.1)	94.1	0.4	5.7
HARTFORD, CONN.*	940	790	1,260	1,450	885	725	4,600	4,385	4,500
% change vs. previous year	(6.0)	(24.8)	18.9	(6.5)	(5.9)	(8.2)	86.2	(4.7)	2.6
Single family	875	640	1,070	1,150	830	600	3,415	3,690	3,700
% change vs. previous year	25.0	36.2	23.0	(4.2)	(5.1)	(6.3)	83.6	8.1	0.3

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
NASSAU-SUFFOLK, N.Y.*	1,545	1,360	2,520	1,455	1,305	1,155	6,150	6,640	5,685
% change vs. previous year	36.1	18.6	57.9	(17.8)	(15.5)	(15.1)	53.8	8.0	(14.4)
Single family	1,135	1,140	1,780	1,215	1,080	990	4,775	5,215	4,575
% change vs. previous year	32.7	32.6	36.4	(17.6)	(4.8)	(13.2)	60.5	9.2	(12.3)
NEWARK, N.J.*	1,373	864	1,431	1,198	880	500	4,839	4,373	4,200
% change vs. previous year	47.6	34.6	19.4	(26.3)	(35.9)	(42.1)	56.6	(9.6)	(4.0)
Single family	1,181	536	1,190	1,087	800	400	4,176	3,613	3,550
% change vs. previous year	71.2	10.1	14.3	(25.9)	(32.3)	(25.4)	127.0	(13.5)	(1.7)
NEW BRUNSWICK, N.J.	2,042	262	1,813	1,860	1,762	538	6,169	5,697	6,153
% change vs. previous year	25.4	(67.8)	63.9	(15.7)	(13.7)	105.3	84.1	(7.7)	8.0
Single family	726	166	780	879	784	202	2,993	2,609	3,015
% change vs. previous year	(23.7)	(30.3)	6.8	(32.3)	8.0	21.7	43.0	(12.8)	15.6

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

More Northeast housing statistics, Page 27

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Tax plan raises housing question

(Continued from page 19)

cline in this crucial resale activity.

At the same time, some of the factors that made 1984 a strong year will continue to influence the market. Lower interest rates, which brought 1984 to a healthier close, will extend into the first quarter and may well drop below the 13.14% commitment rate for fixed rate loans.

Another strength of 1984 was the availability of alternate means of financing, one example being the adjustable rate mortgage (ARM) that provided affordability for large numbers of first-time buyers when fixed interest rates were high.

Although ARM's are currently not as important, with people more likely to pursue fixed loans when rates are lower, their availability could be an important factor after the second quarter when analysts see rates going up.

Apart from these financial factors that make homes more affordable, builders and developers will continue to keep costs down through down-sizing lots and new house design.

"House design is moving toward the realities of the market rather than consumer preferences or tastes," said Lewis Goodkin, president of Goodkin research in Fort Lauderdale, Fla., which specializes in the home building market.

Also the South and West, as areas of fast population growth and high employment, are expected to continue to dominate home building with 73% of total housing construction. In particular, hot markets like California, Florida and Arizona are expected to remain hot.

"Florida is starting to look like the New York marathon, there weren't a lot of runners; now there's a huge gang of them," said Goodkin of the increasing number of builders.

Both hot and not-so-hot areas of the country will be affected by the proposed tax reforms which could have a negative affect on real estate. One part of the plan, to place a cap on the amount of mortgage interest that can be deducted on vacation homes, could depress total home sales in strong second-

(Continued on page 27)

Northeast Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	1984	1985
NEW HAVEN, CONN.*	535	530	735	800	775	600	1,725	2,840	3,000
% change vs. previous year	(13.7)	71.0	67.0	81.8	44.9	13.2	32.7	64.6	5.6
Single family	375	330	510	500	500	400	1,145	1,840	2,000
% change vs. previous year	120.6	94.1	70.0	66.7	33.3	21.2	78.9	60.7	8.7
SOMERSET COUNTY, N.J.	240	260	320	525	495	295	1,215	1,595	1,650
% change vs. previous year	(20.0)	4.0	1.6	28.0	106.3	13.5	10.5	31.3	3.4
Single family	90	110	110	250	250	120	440	720	775
% change vs. previous year	(10.0)	10.0	(21.4)	127.3	177.8	9.1	10.0	63.6	7.6
NEW YORK, N.Y.*	2,880	2,910	4,160	3,755	3,045	2,700	16,415	13,870	12,840
% change vs. previous year	21.3	(3.2)	(4.1)	(39.2)	5.7	(7.2)	58.6	(15.5)	(7.4)
Single family	885	760	1,100	1,215	880	635	3,815	3,955	3,420
% change vs. previous year	21.2	50.5	(2.7)	(5.4)	(0.6)	(16.4)	53.8	3.7	(13.5)
PHILADELPHIA, PA.	4,170	2,148	5,453	6,701	1,698	2,278	15,183	16,000	17,400
% change vs. previous year	51.1	(4.5)	42.0	36.0	(59.3)	6.1	82.3	5.4	8.8
Single family	2,947	1,573	4,331	4,682	1,414	1,668	10,990	12,000	12,960
% change vs. previous year	55.5	1.5	42.0	36.0	(52.0)	6.0	95.2	9.2	8.0

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	1984	1985
PITTSBURGH, PA.*	999	1,088	1,556	1,375	1,000	1,125	4,766	5,019	4,850
% change vs. previous year	23.5	11.2	16.3	(3.2)	0.1	3.4	45.5	5.3	(3.4)
Single family	644	561	1,145	825	600	600	2,896	3,131	3,000
% change vs. previous year	59.0	25.8	30.3	(11.0)	(6.8)	7.0	60.4	8.1	(4.2)
RHODE ISLAND	980	750	1,040	1,260	1,030	725	3,850	4,080	4,200
% change vs. previous year	18.1	—	9.5	7.7	5.1	(3.3)	50.4	6.0	2.9
Single family	600	460	770	910	620	475	2,570	2,760	2,800
% change vs. previous year	50.0	31.4	2.7	4.6	3.3	3.3	94.7	7.4	1.4
ROCHESTER, N.Y.*	777	518	594	966	582	600	2,637	2,660	2,635
% change vs. previous year	16.3	12.4	2.6	17.8	(25.1)	15.8	37.7	0.9	(0.9)
Single family	729	401	370	706	483	450	1,947	1,960	2,010
% change vs. previous year	62.7	34.1	6.6	23.4	(33.7)	12.2	34.9	0.7	2.6
NORTHEAST TOTAL	91,819	13,443	24,258	24,230	15,965	13,316	78,839	77,891	77,563
% change vs. previous year	36.3	0.7	(5.1)	(7.2)	(19.4)	(0.9)	62.0	(1.2)	(0.4)
Single family	12,019	7,927	15,640	15,419	9,991	7,840	46,231	48,977	49,005
% change vs. previous year	45.3	22.4	(15.6)	1.5	(16.9)	(1.1)	75.5	5.9	0.1

Tax plan raises housing question

(Continued from page 22)

home areas like New England, Michigan and in Palm Springs and Lake Taho, Calif.

"Baby boomers buying a second home to nail down a retirement home will be more likely to think about other tax options, outside real estate," said Apgar, director of the Housing Futures Project at the M.I.T./ Harvard Joint Center.

The plan carries other items that make real estate less desirable as an investment and could have considerable impact on housing in 1985. It suggests that property taxes should no longer be classed as an itemized deduction, although it retains deductions for mortgage interest on primary residences.

Such proposed cutbacks could make the after-tax running of a home more expensive and resale home prices would have to fall to keep costs in line with what prospective home buyers would be willing or able to pay.

However, not everyone is pessimistic, and many feel that the tax propositions will not be passed without considerable revision.

"People buy homes for many reasons, the tax break is just one of them," said Apgar. Other countries like Canada have interest rates which are not deductible and home ownership there is only 5% to 6% below the United States rate.

However, the resale market in California has already been slowed by change in property taxes, according to Robert Lessler, chairman of a market research firm in Beverly Hills. He said that California's Proposition 13, which put a lid on property taxes in the late 70's at 1% of the market value, has encouraged home owners to stay put.

Meanwhile, builders are battling to keep housing costs down. In Florida, lot size is being reduced from 10,000 sq. ft. to 7,500 sq. ft. in many places, according to Goodkin. New, high-density designs make use of zero lot line housing, which incorporates attached homes to make more efficient use of space.

With construction costs running at $75 a square foot any reduction in house size significantly lowers home prices, easing affordability.

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DIY retailing blooms in Calif. desert—page

Furniture/storage: Hot home center newcomers—pp. 33-

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Forest City sells Chicago stores to Mr. HOW

Exits to concentrate on stores in other markets

By Phillip M. Perry
NHCN associate editor

CLEVELAND — Forest City Enterprises has agreed to sell all five of its Chicago warehouse home centers to Service Merchandise, Nashville, the $1.5 billion parent company of Mr. HOW Warehouse.

Drawing the curtain on Forest City's attempts to capture more market share in a city that has become more highly competitive, the two companies signed an "asset purchase agreement and assumption of leases" on Jan. 19. Five landlords holding the leases, which cover both land and buildings, are expected to assign them to Service Merchandise by the end of this month, in effect closing the deal. The stores range in size from 57,000 to 100,000 sq. ft.

"All of the markets in the country are becoming more intensive, and this is the case in our traditional markets," said Charles A. Ratner, executive vp of Forest City Enterprises.

"The move will allow us to re-invest the money gained from the sale in our other stores [in other cities] where our company enjoys a dominant position."

Forest City now has seven stores in Cleveland, two in Akron and eight in Detroit.

"Several of the stores have been completely converted [to the warehouse format], and we expect the remainder to be converted by the end of this year," said retail division president Ed Seymour.

Neither company would comment on the amount of the sale, although Service Merchandise indicated no stock was involved. However, one home center executive knowledgeable about the Chicago market estimated the amount at $12 million, based upon an estimated inventory at cost for the five stores at $8.5 million, and leasehold rights at an estimated $3.5 million. The stores each had an average annual volume of an estimated $8 million.

In addition, it is estimated that Forest City spent between $1 million and $2 million remodeling the stores to include warehouse fixturing last year. The company also placed $292,000 in television advertising last year in Chicago to pro-

(Continued on page 78)

Scotty's mints new store design; 65-70 units could be remodeled

Unveils new prototype, fifth hardware outlet

By Wyatt Kash
NHCN editor

JACKSONVILLE, Fla. — Scotty's is set to roll out a newly developed 49,000-sq.-ft. store design, featuring modified warehouse racking and a new stylized store front, which officials for the chain are billing as Scotty's "store of the future."

Plans call for opening six new stores, using variations of the design, by the end of Scotty's fiscal year, ending June 29, and for remodeling 10 of its larger stores to conform to the new format by the end of 1985.

As many as 65 to 70 of the chain's 105 full-line home improvement centers are ultimately considered eligible candidates for reformatting, according to Dennis W. Stults, executive vice president, although he said it was too early to specify a long-term completion date.

While modified versions of the design were first unveiled in December—at a rebuilt Sarasota unit and a newly built facility in an Ocala, Fla., strip mall—the first full-blown rendition of the new prototype debuted here Jan. 17. The store, on San Jose Boulevard, is Scotty's seventh in the market.

The grand opening coincided

(Continued on page 78)

New signage, 12-ft. warehouse racks and a vastly expanded showroom are components of Scotty's new prototype store, unveiled last month in Jacksonville. Inspecting grand opening sales activity are (l-r) Hugh Tuttle, vp/regional sales mgr.; David Bryant, vp/sales promotion mgr., and Dennis Stults, executive vp. NHCN photo

Cold snap spurs sales, but snow buries Texas

By Laura Liebeck
NHCN field editor

NATIONAL REPORT — The cold snap that clobbered sections of the country last month caused unexpectedly robust sales at some home centers, while others suffered with below-average sales activity.

The unexpected snow storm that blanketed San Antonio with 13½ in. on Jan. 11 paralyzed the city and stopped business dead at area home centers, retailers report.

(Continued on page 76)

INTEREST RATES KEY FACTOR

Home center stocks show new life; poised for rally

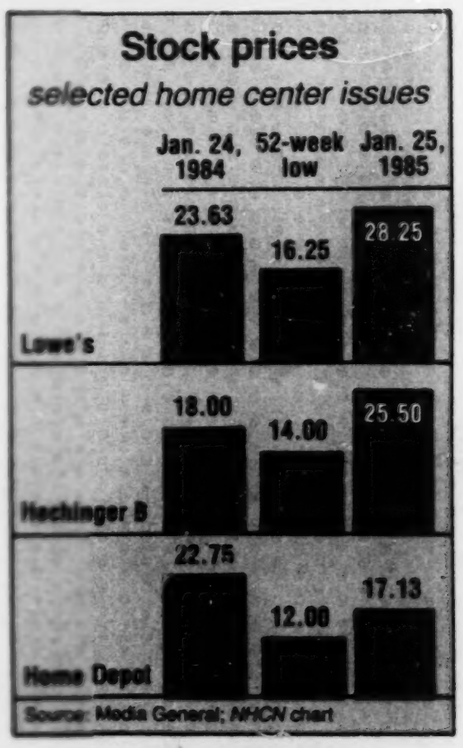
By Ronald R. Gurczynski
NHCN associate editor

NATIONAL REPORT — Home center stock prices are showing sizable gains and they are poised for even larger increases as 1985 unfolds.

Last month's stock market rally saw the Dow Jones Industrial Average rise 34.01 points to close at 1,261.37 on Jan. 21. At that time, the stock of Lowe's Companies climbed over $2 per share in several days of trading and it consistently made the New York Stock Exchange's list of new daily highs. Also in the mid-January upturn, Hechinger B climbed by over $1.50.

In spite of the positive signs, however, some industry ob-

(Continued on page 5)



NEWSBREAKS

LOWE'S BUYS 23 BOISE UNITS

Boise Cascade has agreed to sell 23 of its retail building materials stores to Lowe's for $50 million cash. Lowe's will also acquire two warehouse facilities and two door manufacturing plants. The acquisition includes eight stores in Dallas-Fort Worth, nine in central and northeast Texas and six in Oklahoma.

Handyman launches 11-store retrofit program —Page 3

NeRLA show opens 1985 on an upbeat note —Page 6

New group forms to recognize lumber women —Page 3

Housing starts climb to highest level in five years —Page 10

Lumber chain alters mix to stem whses

By Phillip M. Perry
NHCN associate editor

FLORAL PARK, N.Y. — Startled by the growing inroads of warehouse home centers on its sales, Lumber Headquarters is changing its merchandising course by adding salvage merchandise to its mix at all 12 of its stores.

The move, designed to present a more competitive pricing image to Long Island consumers, accompanies other changes including free delivery, new uniforms for personnel and an improved in-house employee training program.

Together, these steps and others are part of plan by the $13 million chain to turn around a recent slide in sales, in an attempt to boost volume to $15 million this year. The move, however, appears to reflect the dramatic changes a growing number of small and medium sized home center and building supply operators are having to make in reaction to warehouse competition.

The company meanwhile also plans to attract more female shoppers and provide more training to do-it-yourselfers, who account for some 85% of store sales.

Initial sales results from a test of salvage merchandise last summer have emboldened the firm, not only to roll the remerchandising program chainwide, but also to begin looking for a 13th store, on Long Island, according to merchandise manager Tom Gallub. Currently, the company has four outlets in Brooklyn, which have tended to escape the warehouse promotion furor, and eight Long Island units.

"Right now we are strong in building materials and traditional home center items" in the area of salvage merchandise, said Gallub. Lumber, doors,

(Continued on page 76)

NHCNews Briefs

Industry Update

Evans debt may force asset sale

MIAMI — Evans Products Co. continues its efforts to restructure and refinance its $600 million debt, and has stated it is seriously exploring the sale of its assets to repay the loans.

Having missed its Jan. 15 deadline to repay $347 million in term loans, plus another $151 million in debt from its Financial Co. subsidiary and another $102 million from its Transportation Co., Evans is negotiating with its 22 lenders over a possible rescheduling of the payments, and is seeking other financing.

"It is becoming more evident in our conversations with [Victor] Posner and his people that Evans' officials view asset sale as a viable solution to its problems," said one banking source involved in the talks.

Posner, the well-known financier based here, is Evans' chairman and owns 43% of the company. He also retains holdings in 40 other firms, although the banking source could not comment on whether Posner had discussed buying more of Evans through one of these corporations.

The source, who asked not to be named, said that the offer to purchase Evans' $1 billion retail group by its former president Mike Grossman—an offer he has tendered with the assistance of the New York-based leveraged buyout firm Gibbons, Green—"has been kind of quiet lately."

Wickes eyes regional buy-outs

SANTA MONICA, Calif. — One day before Wickes Cos. officially emerged from bankruptcy, its chairman, Sanford Sigoloff, said Wickes was looking to make regional acquisitions to expand its existing retail divisions.

In addition, he said that the company would also consider a "major business segment" acquisition, or even a merger with a similarly sized company.

To strengthen its divisions' market position, Wickes plans to use $500 million of tax-loss benefits, as well as short-term borrowings, preferred stock or high-yield bonds to fund small or large acquisitions. The company also has about $140 million in unused bank credit at its disposal.

Sigoloff's comments were made during an interview with *The Wall Street Journal*, published on Jan. 25, the day before Wickes began issuing $565 million face amount of notes and 80 million shares of its common stock as part of a $1.6 billion creditor agreement.

Neiman-Reed names new ceo

VAN NUYS, Calif. — Doug Williams, formerly chief financial officer of Neiman-Reed's Lumber City, which operates 12 units primarily in the San Fernando Valley, has been named chief executive officer.

Robert Neiman, co-founder of the chain, said he relinquished his ceo title to Williams but remains as chairman.

Williams' cfo slot was filled by John Wilson, formerly controller. Both Williams and Wilson came to Lumber City from UBM Group Ltd., based in Bristol, England. UBM owns 51% of the company and has an option to buy the balance in July 1986. Neiman represents ownership of 49% of the chain.

Neiman said the chain generated sales of about $60 million in 1984. Williams was promoted late last year but it was not disclosed publicly until last month.

Home Depot opens Calif. office

FULLERTON, Calif. — The Home Depot has opened a real estate office in this Orange County city which eventually will be expanded to include a West Coast merchandising department "when we get ready to open stores" in California, according to Arthur Blank, president.

The office at 601 S. Placentia Ave. has been occupied since late November by Emmett Albergotti, regional director of real estate, and Bill Salyer, regional director of construction and store planning. The office is located inside a former manufacturing facility owned by the McDonnell Douglas aerospace firm that will be eventually converted into a 100,000-sq.-ft. Home Depot, Blank said.

Blank confirmed that The Home Depot also plans to build a 100,000-sq.-ft. outlet in the Clairemont section of San Diego on the northeast corner of Balboa and Genesee Avenues. He said speculation that The Home Depot would open the San Diego store as well as an 85,000-sq.-ft. Oceanside store (*NHCN*, Jan. 14, 1985) by this summer is "not correct." "We have not set opening dates for these stores," he added. The company has a fourth southern California location in Huntington Beach, a 75,000-sq.-ft. ex-Zodys discount store.

***(Industry Update,** continued on page 77)*

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $25 a year ($26 Canadian). Single copy rate $2 except first May issue (Annual Census) and second July issue (Consumer Attitude Study)$15 each. Foreign subscriptions: Airmail only, $125 per year.

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Vol. 11, No. 4 Feb. 11, 1985

General Felt seeking 50% of Mich. Gen'l

By Phillip M. Perry
NHCN associate editor

DALLAS — General Felt Industries, Saddle Brook, N.J., has taken another step in its effort to obtain management control over Michigan General, parent company of Diamond Lumber.

On Dec. 24, General Felt purchased 219,800 shares of Michigan General stock, bringing its total ownership of that company to 16.5%.

"We intend to purchase over 50% of the stock of the company [Michigan General]," said Robert Condon, finance vp for General Felt, a $400 million privately held floor coverings distributor. He added that General Felt's continuing efforts in that drive would hinge on market conditions and did not divulge a timetable.

"It was unexpected," said Michigan General president John Boudreau of the stock purchase. "We learned about the block of stock being available after the fact."

Last year, GFI purchased 14.5% of Michigan General's stock for $14.5 million. At that time, GFI indicated it would very likely seek board seats at Michigan General in order to exert some management control (*NHCN*, Sept. 24, 1984).

"There are no negotiations going on between our two companies at all," said Boudreau. "I do expect them [GFI] to request board representation. If they do, I'll certainly put it before the nominating committee."

Boudreau said he felt when a person owns a substantial portion of a company stock, he

(Continued on page 77)

Levolor fire will not affect production

By Laura Liebeck
NHCN field editor

HOBOKEN, N.J. — The ravaging fire that consumed nine vacant Levolor Lorentzen Inc. warehouses on Jan. 15 will not affect production or deliveries to distributors, according to a company spokesman.

"If it [the fire] affects them [the distributors] by more than one or two days, we'll be very surprised," the spokesman said. "The fire did not interrupt any orders," he added.

Levolor is a New Jersey-based manufacturer of window blinds with 17 other manufacturing facilities located throughout the country.

The fire, which started somewhere within the core of the nine interconnected buildings in which a demolition crew was working to tear down, did not damage any inventory and only interrupted production at the main plant across the street for less than one day. Three days after the fire the plant was 95% operational.

"The specifics on the exact cause of the fire are still undetermined," said Hoboken deputy fire chief Edward Scharneck. "There is no reason to believe the fire was deliberately set."

Scharneck said fire investigators estimate the damage at about $5 million. Levolor officials, however, report they don't know what the cost of the damages was because they are still assessing it.

"The fire, thankfully, wrapped around the most important part of our plant. Everything around us got destroyed, but when all was said and done, the damage was mini-

(Continued on page 77)

Membership warehouse firms on the rise

NEW YORK — Warehouse Club, the W. R. Grace-controlled wholesale cash and carry business, is doing $1 million a week in sales in a 100,000-sq.-ft. facility that carries only 3,500 stock keeping units of merchandise. According to Walter Teninga, president and ceo, Warehouse Club is trying very hard to approach the $2 million a week sales of Sol Price's Price Club locations.

Teninga's comments were made as he took part in a discussion on evolving concepts in retailing at the National Retail Merchants Association (NRMA) convention held here last month.

The theme of the 74th annual gathering was Focus On The Future, and Teninga stated that warehouse retailing will remain an important part of that future. He said that wholesale cash and carry warehouse retailing, created by Price, will be a $20 billion industry by 1990. Teninga further predicted that the approximately 10 firms now in the business will be joined by many others.

Allan Pennington, president of the New York consulting firm, Pennington Associates, moderated the panel discussion. He commented that the unorthodox merchandising approach of warehouse retailing would have been dismissed by merchants not too long ago. "A merchant who proposed to operate a store on 10% margins, utilizing poor locations, with 3,500 sku's, no advertising, liberal credit terms and union labor would have been laughed out of the boardroom."

Highlights in this issue

Desert Retailing

Business is blistering hot for DIY dealers in the desert region of southern California. Booming sales are being spurred by an influx of young urban dwellers relocating from the nearby population centers of Los Angeles, San Diego and Orange Counties. In addition, older people continue to view the area as an ideal spot for retirement.

Pages 19-24

Advertising & Marketing

Star Lumber debuts new institutional TV ads.

Washington independent turns disaster into 35% sales increase in December.

Home Depot increases advertising after Bowater buy-out.

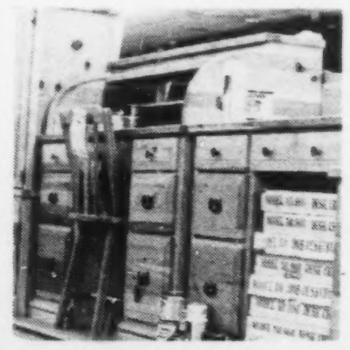
Pages 49-63

Merchandising

Furniture sales rise up to 70% in some stores as home centers cash in on demand for entertainment centers and computer tables.

HomeClub takes on brown and white goods.

Payless tests comprehensive nurseries in two Phoenix units.



—Pages 33-45

Index

Ad Angles 54-56
Calendar 68
Classified 73-75
Editorial 8
Financial News 4
Home Center Marketing Strategies 52
Home Center Trivia 12
Housing Watch 10
Lumber Report 16
New Products 60-62
People 12
Price Point Survey 45
Security/Shortage Control 66
Washington View 8

Systems & Operations

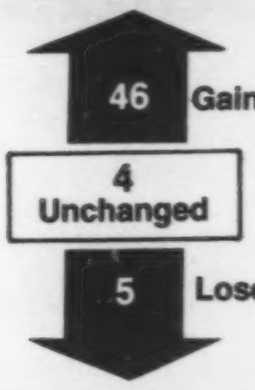
True Value targets tighter control of inventory with new system.

Add Plus combines POS with back office function.

Retailers increased funds for management information systems according to a new study by Arthur Young, the New York consulting firm.

Pages 64-67

FINANCIAL NEWS



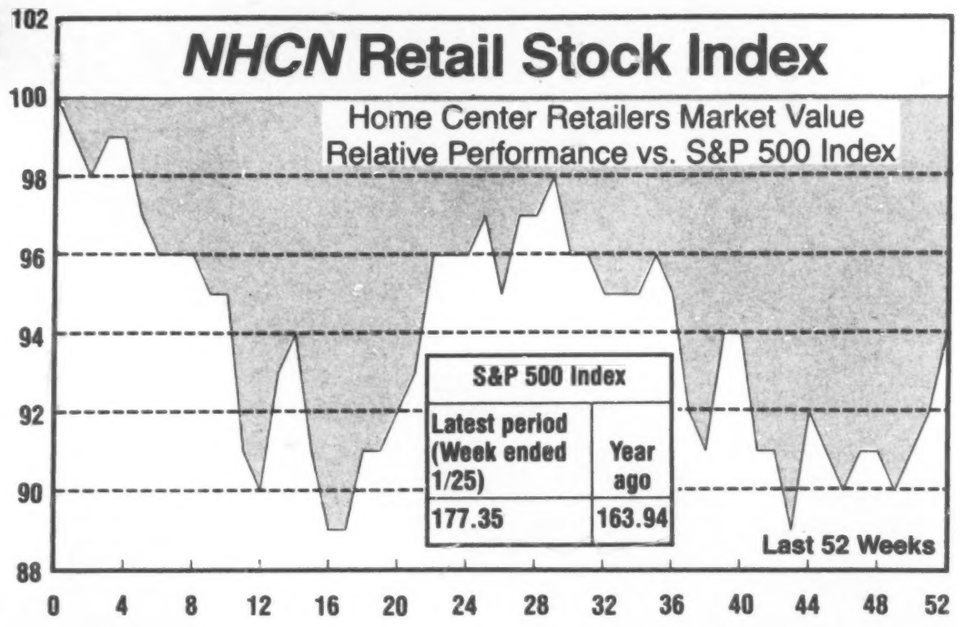
More stocks joined the winners' ranks as 46 home center industry issues gained; five showed price decreases, and four were unchanged, for the two-week period ended Jan. 25.

Among the industry's retailers, Payless Cashways was the top price gainer, up 12.3% to $19.38. Lowe's continued its torrid pace, closing at $25.38, up 11.3% over the period and just $1.25 off its 52-week high.

Hechinger B common stock closed at $25.50, up 7.4% over the period, as it nears its 52-week high of $26. Hechinger B also saw the greatest surge in trading volume as a per cent of total shares outstanding. Its volume trend change of 457.1% indicates that there has been more shares traded in the past two-week period, as a per cent of outstanding shares, than the average for the past quarter.

Michigan General, despite General Felt Industries' continuing attempt to gain a majority interest in the company *(see story, page 2)*, saw its stock fall 3.3% to close at $7.25.

Home center stocks, which got off to a flying start this year and appear poised for even larger price increases *(see story, page 1)*, gained on the Standard & Poor's 500 Index over the past two weeks. The *NHCN* Retail Stock Index climbed to 94.0, up approximately five points in that period, relative to the S&P 500 Index, which stood 13.41 points above its year-ago level.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Hechinger B M	2,822	457.1	7.4
Newell Cos N	1,960	406.7	21.8
Color Tile M	8,479	381.3	9.6
Scott Seabd O	162	373.7	.0
Natl Gypsum N	10,947	340.0	11.3

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Edison Bros N	2,452	340.0	8.6
Clopay Corp A	147	324.1	- .6
Armstrng Wrld N	14,589	313.6	6.6
Owens Corning N	16,370	311.9	9.7
Hechinger A M	3,280	307.8	5.5

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Newell Cos N	18.88	21.8	1,960
Lewis Palmer M	9.25	19.4	1,442
Masco Corp N	31.75	14.9	9,947
Walter, Jim N	36.38	13.2	11,194
Payless Cash N	19.38	12.3	20,038

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Mich General A	7.25	- 3.3	2,302
Erb Lumber O	18.25	- 1.4	54
Home Depot N	17.13	- .7	6,655
Thos Inds N	17.88	- .7	484
Clopay Corp A	19.50	- .6	147

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 1-25-85; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt. $, Yld. %; Latest Report New Report, Period, Date Ended; Latest Quarter Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 1-25-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change %	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	42.25	2.00	5.0	43.75	40.25	44.63	32.50	13,452	5.06	1.65	206.7	11.5	1.90	4.5	.....	9 mos.	09-84	962.8	5.9	32.7	80.7	1.13	94.8	2909.7	14.1	94.1	103.7	3.24	120.4
Color Tile M	18.50	1.63	9.6	18.75	17.00	18.75	13.63	8,479	9.24	1.92	381.3	12.5	.00	.0	.....	3 mos.	09-84	75.5	20.2	2.8	3.7	.31	19.2	75.5	20.2	2.8	3.7	.31	19.2
Edison Bros N	36.38	2.88	8.6	36.38	33.50	41.00	32.50	2,452	2.42	.55	340.0	8.3	1.60	4.4	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber O	18.25	- .25	- 1.4	18.75	18.00	24.50	18.00	54	.60	.44	36.4	8.5	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod N	3.75	.13	3.4	3.75	3.63	9.25	3.00	1,500	1.09	.67	62.7	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(58.1)	NE	(4.44)	NE
Forest City Ent A	20.75	1.25	6.4	20.75	19.63	21.25	15.00	353	.88	.28	214.3	66.9	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	42.75	3.63	9.3	42.88	39.13	44.63	36.50	7,060	1.46	.84	73.8	10.7	2.80	6.5	.....	9 mos.	09-84	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Hechinger A M	24.00	1.25	5.5	24.00	22.50	24.00	13.50	3,280	4.69	1.15	307.8	NA	.16	.7	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	25.50	1.75	7.4	26.00	23.25	26.00	14.00	2,822	1.56	.28	457.1	23.2	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber O	41.75	1.25	3.1	43.00	40.50	43.75	32.50	72	.41	.25	64.0	28.2	1.00	2.4	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Homecrafters Whse M	8.25	.50	6.5	8.25	7.00	16.25	5.25	1,920	6.80	3.94	72.6	39.3	.00	.0	NEW	fiscal	12-83	NC	NC	NC	NC	NC	NC	104.5	NC	.8	NC	.21	NC
Home Depot N	17.13	- .13	- .7	18.25	16.63	27.88	12.00	6,655	2.66	1.78	49.4	31.1	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp N	38.38	3.25	9.3	39.00	34.75	39.00	26.75	57,235	4.57	1.46	213.0	9.2	1.24	3.2	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos N	28.25	2.88	11.3	29.50	25.00	29.50	16.25	13,073	3.61	1.15	213.9	16.9	.32	1.1	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General A	7.25	- .25	- 3.3	7.75	7.00	8.50	4.63	2,302	2.03	1.19	70.6	27.9	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	100.0	.18	20.0	344.3	335.8	3.7	15.6	.32	- 40.7
Natl Lumber M	5.00	.00	.0	5.25	4.75	9.50	4.50	332	.59	.57	3.5	14.7	.00	.0	.....	6 mos.	06-84	33.5	13.6	.4	- 60.0	.07	- 68.2	62.4	16.4	.7	- 41.7	.13	- 50.0
Pay N Pak N	13.63	.88	6.9	14.00	12.50	17.50	11.50	2,804	2.80	1.17	139.3	12.1	.60	4.4	.....	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash N	19.38	2.13	12.3	19.50	17.25	21.25	13.50	20,038	6.20	1.61	285.1	15.6	.16	.8	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd O	1.00	.00	.0	1.50	1.00	4.00	1.00	162	.90	.19	373.7	8.3	.00	.0	.....	6 mos.	07-84	11.2	6.7	.2	- 33.3	.13	- 27.8	20.5	9.0	.2	- 33.3	.13	- 27.8
Scotty's Inc N	14.88	.88	6.3	14.88	13.50	15.50	11.38	1,077	.81	.48	68.8	11.2	.52	3.5	.....	3 mos.	09-84	101.7	6.6	3.4	6.3	.25	4.2	101.7	6.6	3.4	6.3	.25	4.2
Sears, Roebuck N	35.50	2.88	8.8	35.75	31.63	37.63	29.50	82,201	2.29	.76	201.3	8.6	1.76	5.0	.....	9 mos.	09-84	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind N	15.25	.63	4.3	15.38	14.38	22.50	13.00	3,421	3.68	1.36	170.6	NM	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.25	NE	587.5	15.8	13.1	NE	.82	NE
Std Brd Prt N	20.38	1.13	5.8	20.75	19.13	22.00	16.50	5,017	4.50	1.19	278.2	11.5	.54	2.7	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen N	36.63	2.88	8.5	37.50	33.75	37.50	19.25	4,972	2.79	.83	236.1	14.8	.42	1.1	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wickhan Lumber M	6.13	.50	8.9	6.13	5.50	6.13	4.00	682	1.17	.58	101.7	19.1	.16	2.6	.....	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	72.7	103.0	22.8	1.8	38.5	.31	40.9
Wholesalers																													
Lewis Palmer M	9.25	1.50	19.4	9.50	7.50	9.88	7.09	1,442	3.86	1.23	213.8	15.4	.28b	3.0	.....	6 mos.	07-84	40.3	19.9	.5	- 28.6	.15	- 40.0	69.4	17.0	.8	.0	.25	- 21.9
Manufacturers																													
Allegheny Int N	26.50	2.25	9.3	26.63	24.25	31.50	18.75	1,504	1.43	.84	70.2	13.4	1.40	5.3	.....	9 mos.	09-84	585.3	6.1	10.2	209.1	.01	NE	1761.2	2.6	32.5	NE	.02	NE
Am Standard N	34.75	2.75	8.6	35.25	32.00	35.25	22.88	6,917	1.77	.63	181.0	12.0	1.60	4.6	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	87.3	95.7	2.24	38.3
Armstrng Wrld N	36.25	2.25	6.6	36.50	33.50	36.50	22.25	14,589	6.08	1.47	313.6	10.3	1.20	3.3	.....	9 mos.	09-84	395.0	6.6	22.8	15.2	.95	18.8	1186.8	9.6	73.4	46.8	3.00	49.3
Black & Decker N	26.00	1.00	4.0	26.88	24.63	27.88	17.25	26,973	5.36	1.42	277.5	13.3	.64	2.5	NEW	fiscal	09-84	482.9	73.4	24.5	50.3	.48	29.7	1532.9	31.3	95.4	238.3	1.95	200.0
Certain-teed N	24.00	2.00	9.1	24.25	22.00	24.25	15.50	2,223	1.17	.45	160.0	13.0	.60	2.5	.....	9 mos.	09-84	327.0	11.2	3.6	- 74.6	.17	- 77.6	915.8	17.1	29.6	17.5	1.47	8.1
Champ Intl N	24.25	2.63	12.1	24.75	21.38	26.38	16.88	43,763	7.95	3.26	143.9	11.4	.40	1.6	.....	9 mos.	09-84	1131.2	.8	40.2	64.1	.65	75.7	3430.7	7.7	109.4	87.7	1.76	107.1
Clopay Corp A	19.50	- .13	- .6	19.88	19.25	19.88	13.63	147	1.23	.29	324.1	10.8	.16	.8	.....	9 mos.	09-84	36.1	12.1	1.3	62.5	1.02	61.9	97.6	12.7	1.6	100.0	1.26	90.9
DeSoto Inc N	35.63	1.75	5.2	36.13	33.75	36.13	26.50	507	.90	.41	119.5	10.6	1.40	3.9	.....	9 mos.	09-84	114.4	22.0	5.1	10.9	.91	11.0	329.2	19.3	15.1	8.6	2.70	8.0
Emhart Corp N	30.50	1.75	6.1	30.75	28.50	31.59	24.53	4,077	1.48	.44	236.4	9.0	1.27b	4.2	.....	9 mos.	09-84	420.6	6.9	21.4	9.7	.78	9.9	1346.3	8.5	64.8	16.3	2.35	15.8
Georgia-Pacific N	25.75	.13	.5	26.38	24.63	26.38	18.00	70,237	6.85	1.79	282.7	12.3	.80	3.1	.....	9 mos.	09-84	1880.0	10.0	83.0	2666.7	.72	1700.0	5334.0	10.5	218.0	144.9	1.95	137.8
Insilco Corp N	20.00	1.00	5.3	20.50	18.50	20.50	14.00	3,228	1.90	.66	187.9	10.5	1.00	5.0	NEW	fiscal	12-84	180.9	12.1	7.3	5.8	.42	5.0	786.9	16.7	33.0	- 3.8	1.91	- 4.5
La Pacific N	24.75	1.13	4.8	25.00	23.38	26.69	17.00	10,627	3.08	.98	214.3	30.2	.80b	3.2	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.19	46.2	946.3	16.9	21.2	1.9	.61	- 3.2
MacMilln Bldel N	21.38	1.25	6.2	21.50	20.25	24.47	17.19	92	.03	.03	.0	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.80)	NE
Manville Cp N	6.25	.00	.0	6.75	6.00	12.75	5.50	3,227	1.34	.82	63.4	5.3	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.9	.92	55.9	1400.9	7.9	59.0	.2	1.68	- 15.2
Masco Corp N	31.75	4.13	14.9	32.75	27.50	32.75	22.50	9,947	1.76	.83	112.0	14.6	.56	1.8	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum N	44.25	4.50	11.3	44.63	39.63	44.63	27.00	10,947	7.04	1.60	340.0	7.0	1.76	4.0	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos N	18.88	3.38	21.8	18.88	15.50	18.88	13.25	1,960	2.28	.45	406.7	12.8	.50	2.6	.....	9 mos.	09-84	67.6	- 2.3	3.1	- 20.5	.35	- 27.1	218.6	32.6	10.0	6.4	1.11	.0
Omark Ind N	37.25	.00	.0	37.50	37.25	37.50	20.38	455	.64	2.49	- 74.3	19.4	1.08	2.9	.....	3 mos.	09-84	76.0	- 1.6	4.0	- 16.7	.57	- 13.6	76.0	- 1.6	4.0	- 16.7	.57	- 13.6
Owens Corning N	35.50	3.13	9.7	35.50	32.00	35.50	25.13	16,370	5.56	1.35	311.9	9.1	1.40	3.9	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Pope & Talbot N	18.50	1.00	5.7	19.38	17.25	25.00	15.00	449	.75	.27	177.8	17.3	.80	4.3	.....	9 mos.	09-84	83.2	26.8	(.6)	- 100.0	(.10)	- 100.0	241.7	14.2	4.1	- 52.3	.69	- 52.1
Potlatch Cp N	34.50	2.50	7.8	35.00	31.13	35.25	25.75	1,739	1.13	.74	52.7	12.7	1.56	4.5	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms N	32.88	2.88	9.6	33.25	29.75	33.25	22.25	6,424	2.83	1.02	177.5	12.1	.76	2.3	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.10	18.3	1573.7	4.6	55.9	16.2	2.40	24.4
Stanley Works N	29.88	2.75	10.1	30.00	26.50	30.00	19.50	9,801	3.53	1.26	180.2	11.8	.96	3.2	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
Thos Inds N	17.88	- .13	- .7	18.63	17.63	18.88	12.38	484	.57	.32	78.1	9.8	.62b	3.5	.....	9 mos.	09-84	79.5	38.7	4.3	22.9	.50	- 5.7	214.6	31.7	12.0	51.9	1.41	35.6
Triangle Pac N	28.50	1.75	6.5	29.00	26.63	29.00	20.75	920	2.26	.60	276.7	8.7	1.00	3.5	.....	9 mos.	09-84	71.5	15.1	4.3	30.3	1.02	22.9	207.5	24.1	10.7	25.9	2.59	23.3
USG Corp N	68.38	5.88	9.4	70.25	62.50	70.25	45.00	10,387	6.30	1.87	236.9	6.6	3.00	4.4	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim N	36.38	4.25	13.2	36.38	31.50	36.38	22.00	11,194	5.35	1.59	236.5	8.8	1.20	3.3	NEW	3 mos.	11-84	558.3	5.8	27.1	21.0	1.10	19.6	558.3	5.8	27.1	21.0	1.10	19.6
Waxman Ind O	14.25	.50	3.6	14.50	13.75	14.25	4.13	455	2.69	.97	177.3	16.6	.06	.4	.....	3 mos.	09-84	20.5	99.0	.7	250.0	.40	185.7	20.5	99.0	.7	250.0	.40	185.7
Weyerhaeuser N	32.75	1.38	4.4	34.00	31.25	34.00	25.00	31,482	2.43	.86	182.6	17.7	1.30	4.0	.....	9 mos.	09-84	2670.6	113.3	58.3	9.6	.40	14.3	4141.9	14.3	198.8	47.5	1.36	56.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

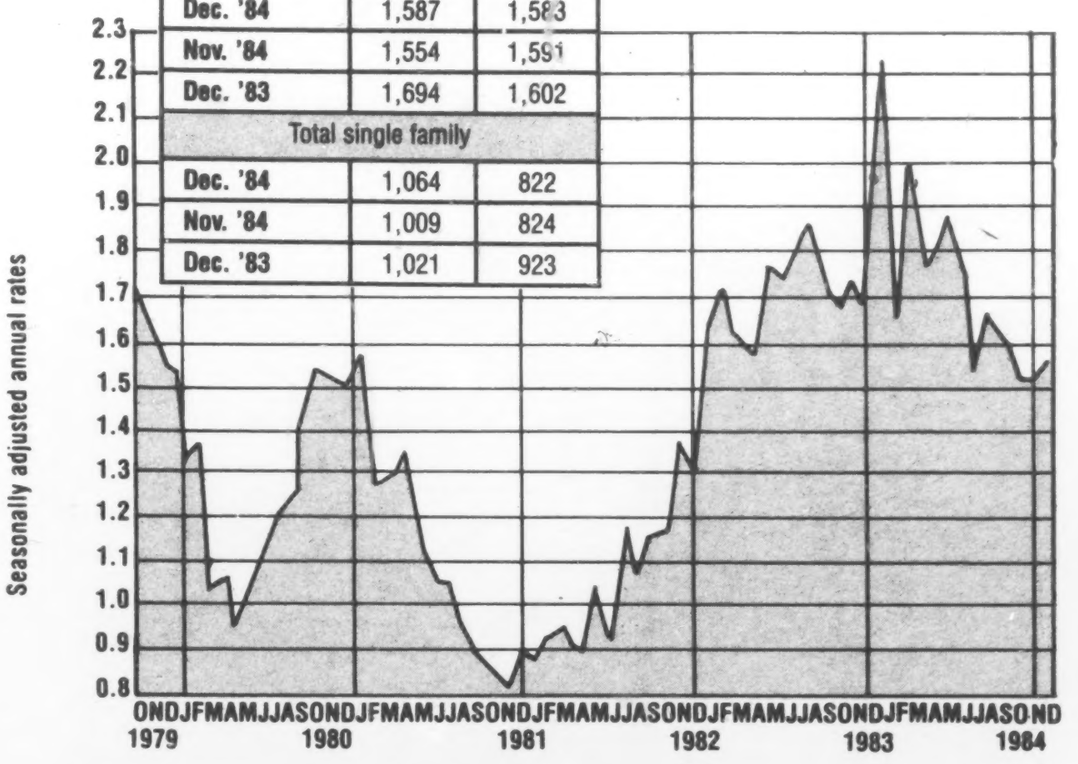
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

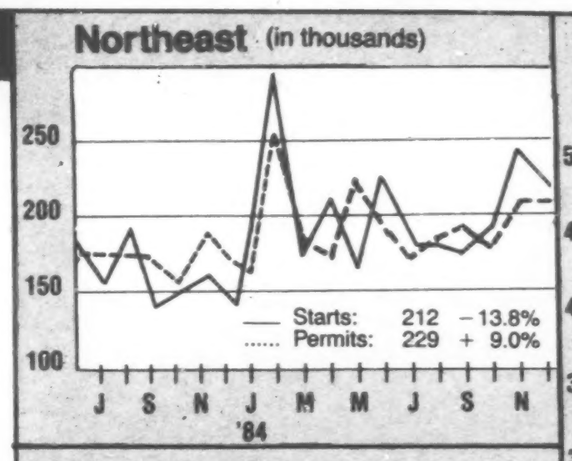
U.S. housing starts

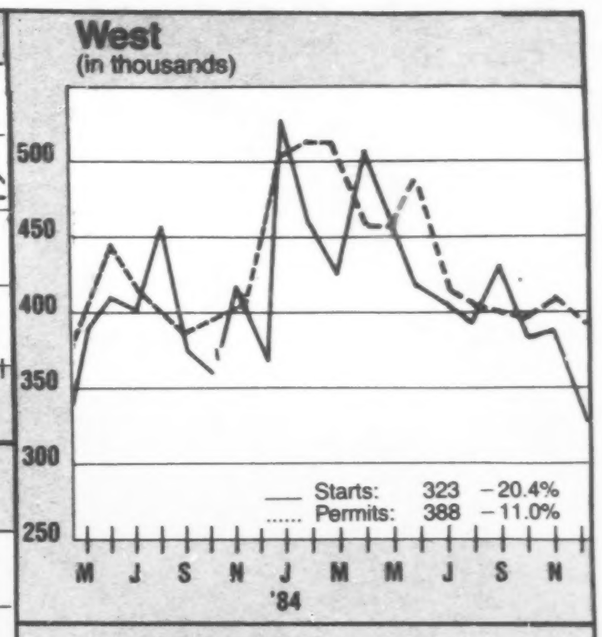
TOTAL (in thousands)	Starts	Permits
Dec. '84	1,587	1,583
Nov. '84	1,554	1,591
Dec. '83	1,694	1,602
Total single family		
Dec. '84	1,064	822
Nov. '84	1,009	824
Dec. '83	1,021	923

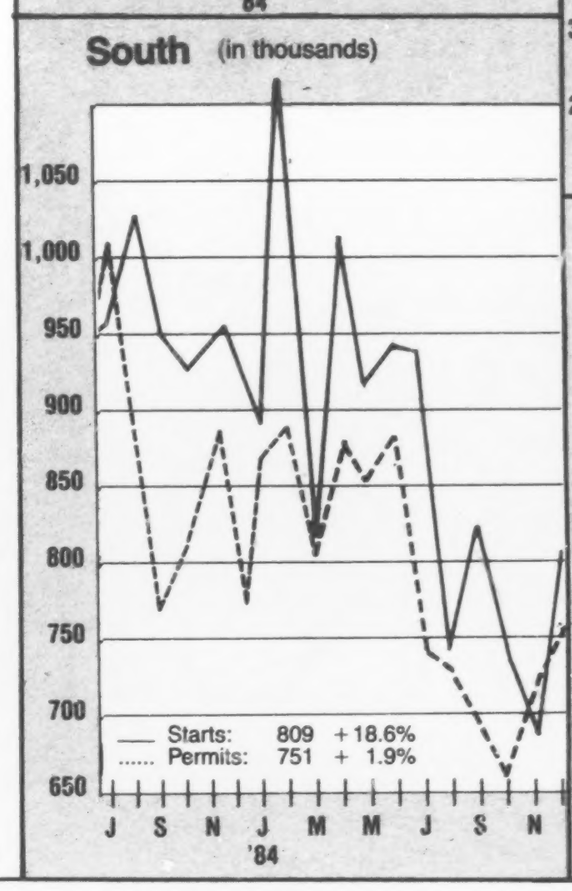


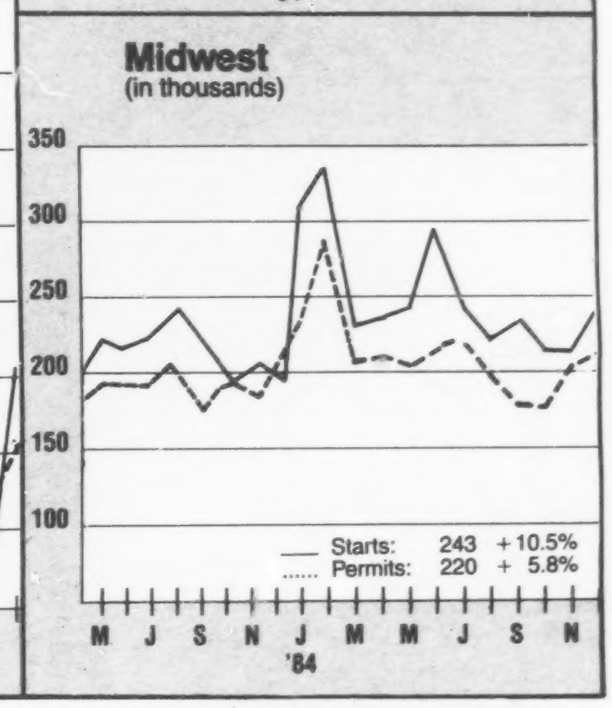
December's housing starts rose to 1.59 million units, seasonally adjusted, up 2.1% from the previous month, according to the Dept. of Commerce. Single-family starts remained strong, up 5.5% from November to 1.06 million units, seasonally adjusted, which was 4.2% above December 1983. The South rebounded, after last month's low, with an 18.6% increase in housing starts to 809,000 units, seasonally adjusted and a 1.9% increase in building permits up to 751,000 units.

Source: Dept. of Commerce, Bureau of the Census









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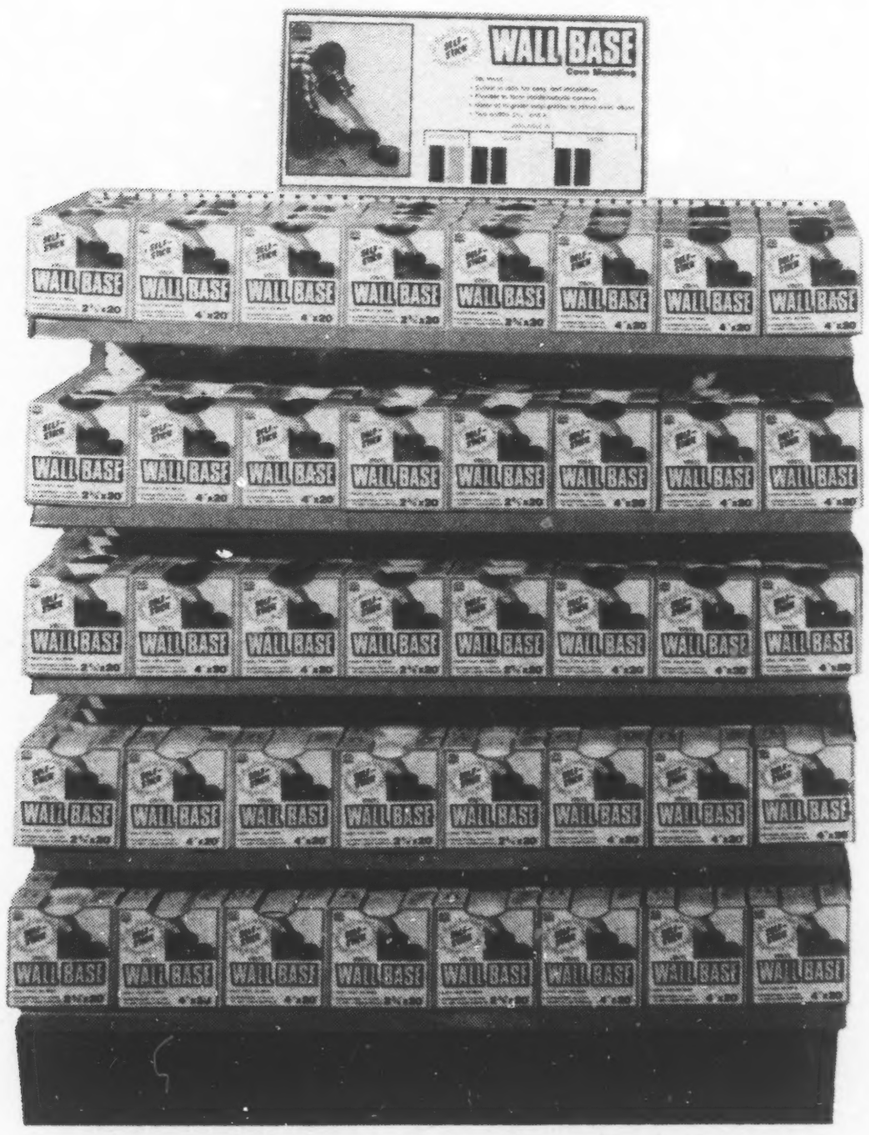

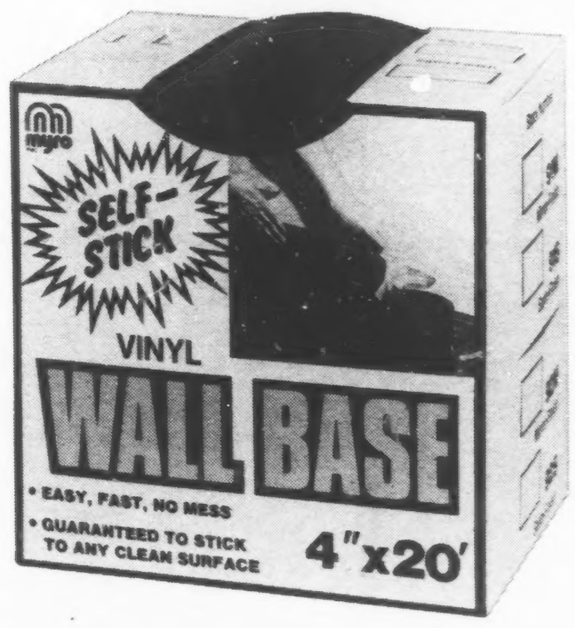

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Housing starts climb to highest level in 5 years

WASHINGTON — Housing starts for 1984 ended at 1.74 million units, their highest level in five years, and an increase of 2.4% over 1983's 1.70 million, according to the Dept. of Commerce.

"We've had two good years in a row," said Dean Crist, economist with the National Assn. of Home Builders.

Continued lower mortgage rates and milder weather resulted in a strong finish to 1984. December's housing starts rose by 2.1% over November's revised figures to 1.59 million units, seasonally adjusted.

Single family construction was strong with 1.06 million units, seasonally adjusted, up 4.2% from December 1983. However, multifamily building slipped 4% from November to a rate of 532,000 units. Analysts predict that 1985 will see a decline in multifamily construction, although the first quarter might see a flurry of activity as syndicates build before any changes in the tax laws go into effect. The current Treasury tax proposal could reduce many of the benefits of real-estate investments for multifamily builders.

The tax proposals, as they stand now, will not have the same kind of affect on single-family construction that is built for sale rather than rent.

Early 1985 may see strong single-family building activity as analysts predict that mortgage interest rates should drop still further. Although December's mortgage rates stood at 13.82% for fixed loans, and 12.16% for adjustable-rate mortgages, according to the Federal Home Loan Bank Board, there were a variety of lower-rate loans available.

Certain builders were offering 30-year loans that started below 10%, according to Barbara Alexander, a vice president of Salomon Bros., the New York investment firm. The rate adjusts upwards for the first four years and then remains constant. It has the advantage of making it easier for prospective homeowners to qualify for a mortgage, thus opening up the

(Continued on page 69)

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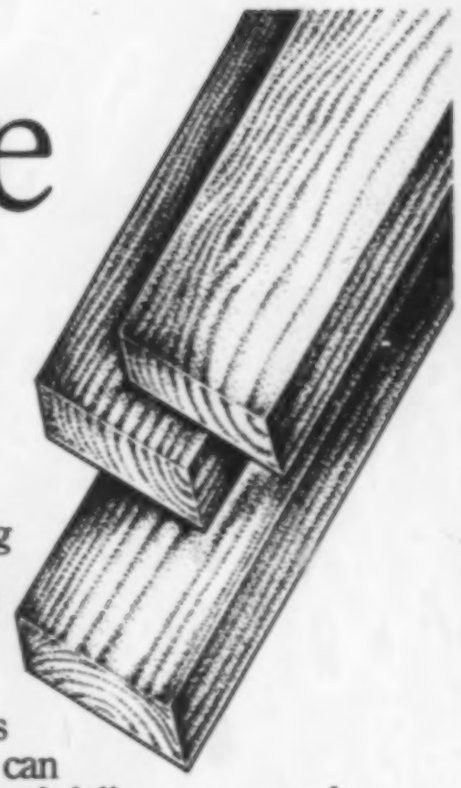

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LUMBER REPORT

Forest product cos. bite bullet; record write-offs taken in 1984

By Ronald R. Gurczynski
NHCN associate editor

NATIONAL REPORT — Squeezed by overcapacity, slack demand and their corollary, depressed prices, many forest products companies are taking record-breaking charges against earnings for 1984's fourth quarter.

"Undoubtedly, these are unprecedented write-offs for the lumber industry," said Evadna S. Lynn, vice president and senior forest products industry analyst at Merrill Lynch. "These companies are tired of losing money in the wood products area so, they have decided to bite the bullet in terms of reducing overcapacity and take huge write-offs in 1984."

The losses for the forest products companies will be great as the firms reduce their wood production capacities and continue the shift into the more profitable area of pulp and paper manufacturing.

Last month, International Paper announced it is taking a $163 million charge against earnings in the fourth quarter to cover anticipated losses in its West Coast timber operations. An industry observer said that International was backing out of the wood products business that it entered five years ago.

Other companies also are planning big write-offs. Champion International's charges against earnings will be "somewhere in the neighborhood of $120 million to $150 million," according to Mary Green, Champion vice president.

In a December 1984 statement, Boise Cascade said that it expected to "take a net pretax charge against income in the fourth quarter of 1984 totaling approximately $71 million. . . ." However, the company now places that estimate of fourth-quarter losses above the $71 million figure. Merrill Lynch's Lynn estimates fourth-quarter pretax write-offs for Weyerhauser and Crown Zellerbach to be $45 million and $30 million, respectively.

A small part of the losses that these forest products companies are experiencing stem from the passage of H.R. 2838, which allows the timber companies to buy their way out of a portion of their expensive Government timber contracts. The bill provides some relief by wiping out huge potential losses some wood products firms might have experienced had they been forced to honor their contracts with the Federal Government for harvesting northwestern timber. The buyouts should be completed by April of this year, according to the bill, and most of the remaining timber involved will be cut between 1986 and 1989.

One of the hardest hit by the timber contract buyout is Southwest Forest Industries, which expects to pay between $10 million and $15 million. The cost of the buyout should be $10 million for Boise Cascade and $10.4 million for Champion International.

Merrill Lynch has estimated the buyout costs to the following companies on a per share basis as follows: Pope and Talbot, $0.68 per share; Louisiana-Pacific, $0.15 per share, and International Paper, $0.05 per share.

In efforts to head off future losses, forest products companies continue to invest in other related areas such as pulp and paper manufacturing. Merrill Lynch analyst Mark Diverio said these firms have been moving into paper since the 1970's. The steps to diversify are survival strategies designed to cushion the companies from the swings in wood products manufacturing.

International Paper recently completed a $500,000 reconfiguration of machinery at its pulp and paper plant in Georgetown, S.C., and it is spending $300 million to modernize another paper mill in Mobile, Ala. Several weeks ago, International announced a $200 million conversion at a Pine Bluff, Ark., plant to coated publication paper from newsprint.

Boise Cascade spokesman Doug Bartels said "most of our capital spending is tied to our paper, packaging and office products distribution businesses." Last year, the lion's share of Boise Cascade's $600 million capital expenditure program went to paper products. For 1985, Bartels estimates his

(Continued on page 68)

FUTURES

Two weeks ended Jan. 17, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Jan. '85	164.10	158.60	164.00	159.40	108	221.30	130.30
March	169.00	156.50	156.50	164.80	4,935	220.40	139.30
May	176.50	163.60	164.20	172.90	2,121	225.00	147.00
July	179.50	169.50	170.30	176.30	1,360	230.50	153.00
Sept.	180.20	173.90	174.20	177.50	965	197.50	157.50
Nov.	180.50	174.80	177.90	178.80	705	186.10	167.30
Jan. '86	183.20	178.20	182.00	183.40	156	187.20	173.50

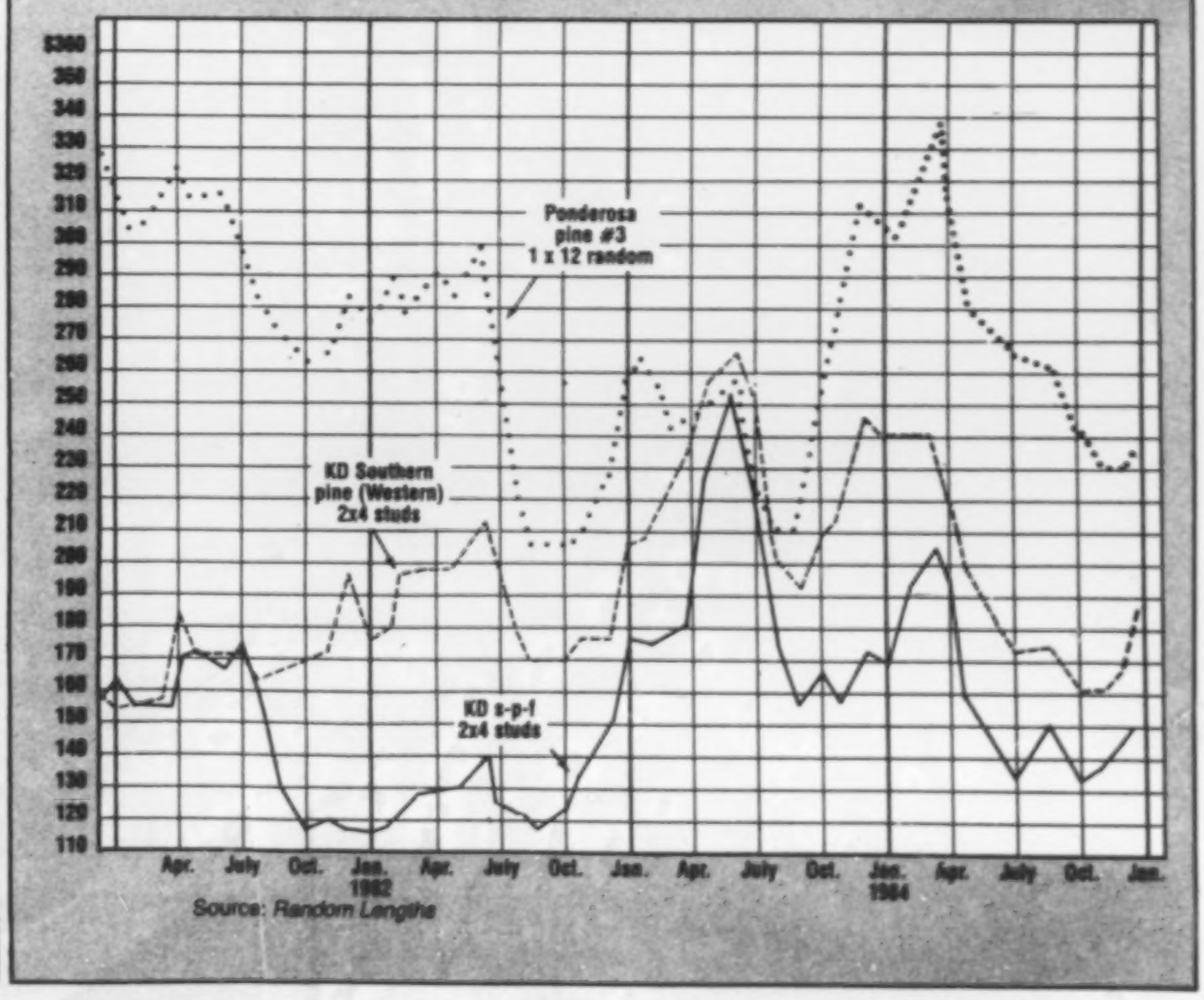
Total Contract Vol. (Through 1/17): 25,288 — Previous Two Weeks: 16,769
Total Open Interest (as of 1/17): 10,387 — Previous Week: 10,106
Cash Price: $161.70 — Previous Week: $164.64 — Year Ago: $161.70

COMMODITY RESEARCH BUREAU INDEX:	This Week 245.5	Previous Week 244.2	Year Ago 274.4

CME—Chicago Mercantile Exchange
*Figures for Thursday, Jan. 17.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

SYSTEMS & OPERATIONS

Retailers increasing MIS funds

NATIONAL REPORT — Retailers spent more money to upgrade their management information systems last year than the year before, according to a new study sponsored by Arthur Young, the New York consulting firm. The increased funds went more for equipment than for personnel costs, which actually dropped last year

The 111 retailers participating in the survey spent some $652 million last year on their MIS needs. This figure, about 0.93% of their annual sales of $70 billion, represented an 18% increase over the year before. The same retailers reported an overall increase of 16% in their sales totals for the same period.

While the retailers have increased their MIS funding substantially, it's clear from the study that still more investment lies ahead. Half the respondents said they planned to either develop or improve their inventory control systems over the course of the next two years. The same number said they planned to develop or improve their stock replenishment systems. And enthusiasm was nearly as high for point-of-sale and purchase order management systems.

"The number of retailers giving priority to inventory control and stock replenishment . . . can be explained by today's high cost of inventory," said Al McCready, national director of retail consulting for Arthur Young. "We believe that retailers who have not developed sophisticated automation for managing inventory can expect to be among the first to fail in the next economic downturn."

Computer use in retailing

System	% of respondents who will develop or improve systems in next 2 years
Inventory control	50%
Stock replenishment	50
Point-of-sale (POS)	48
Purchase order management	48
Store level systems (computer in store)	43
Distribution	35

Source: Arthur Young, New York; NHCN chart

Inventory control and automatic replenishment were the most common areas cited by retailers planning to improve their computer systems.

Microcomputer applications use

System	% of respondents processing applications on a microcomputer
Financial planning	50%
Sales reporting/analyst	20
Store level (computer in the store, operating a system)	11
Inventory control	10
Payroll	8
Point-of-sale (POS)	5

Source: Arthur Young, New York; NHCN chart

Financial planning has been the most popular use for microcomputers at retail establishments, according to the Arthur Young survey.

About 3 out of 4 respondents said they used microcomputers in their overall MIS plan. Interestingly, these small computers are still used primarily for financial planning, according to the report. Some 50% of respondents said they used micro's for that purpose, while only 10% said they used micro's for inventory control.

Some 80% of respondents said they had an annual written plan for MIS activity, while 71% said they had established a data processing steering committee both to coordinate MIS with corporate strategy and to disseminate information to other areas of the organization.

The survey also showed a drop in the amount respondents budgeted for payroll for the MIS activities, from 0.52% of sales in 1982 to 0.39% of sales in 1984.

"The survey suggests that as the technology used in capturing data has become more sophisticated and widely used by retailers, fewer people have been hired for traditional data entry work," said McCready.

True Value eyes tighter inventory control

(Continued from page 64)

minals at that store but also with the fifth store. The reason for this move is that putting the two farthest stores on line with Morrisville would cost an estimated $340 per month for each of the two stores, because they are positioned outside of the local area served by the local telephone company. The $190 saved per month for each of the two stores comes to a total savings of some $4,650 annually.

Going on line during business hours with all five stores—at a cost of some $5,400 annually—should save the chain the expense of putting an IBM computer into each of its stores—at a cost of some $36,000 per store—to monitor sku movement and credit limits. It also keeps headquarters abreast of product levels in each of its stores so that merchandise can be shifted between stores when needed. Finally, on-line communication enables the chain to determine credit levels, by last transaction, for each charge customer.

As for the individual POS terminals themselves, the company has selected Wyse terminals, from Add Electronics, a computer supplier in East Syracuse, N.Y., which also provided True Value with its IBM computer and related software *(see "ADD Plus" sidebar)*. These terminals have a "typewriterlike" keyboard so that it will be much easier for cashiers to enter the letters that occur in the True Value sku designations.

Finally, the Wyse terminals, which do not have internal computer power since they are online with an IBM computer, are much cheaper than an IBM POS terminal. They sell for some $2,000 with a ticket printer, compared with some $6,000 to $7,000 for each IBM POS terminal.

Employees on the move?

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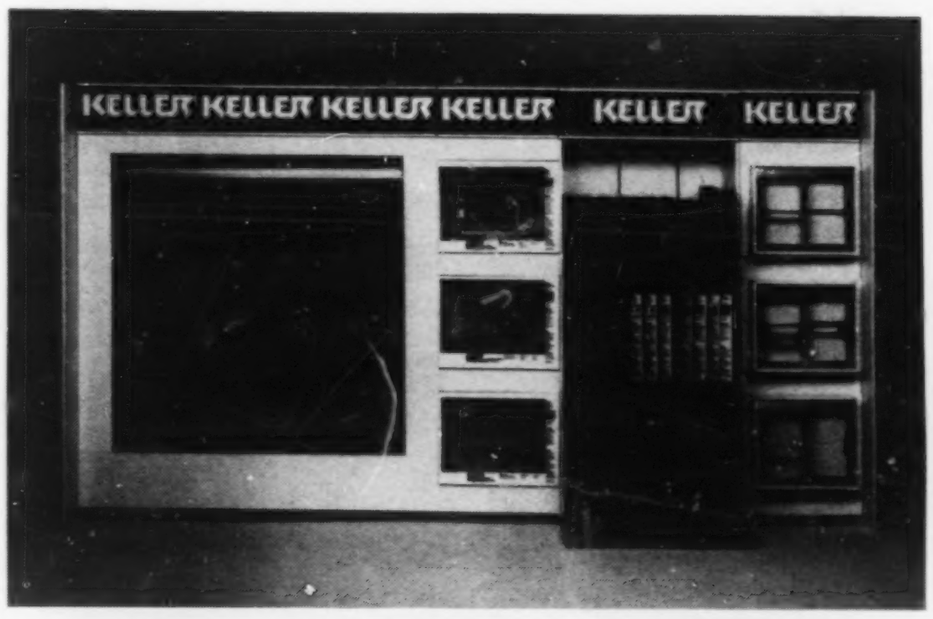

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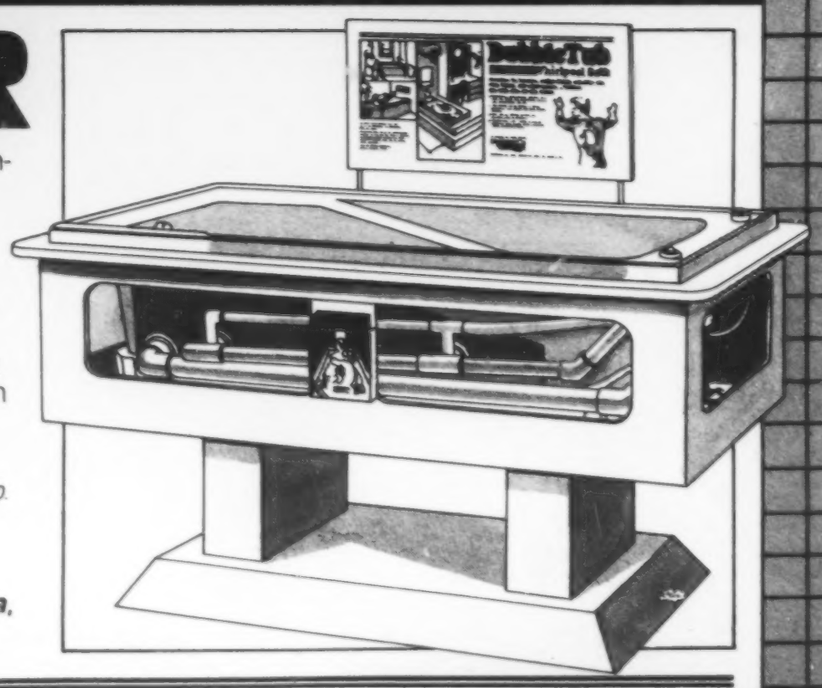

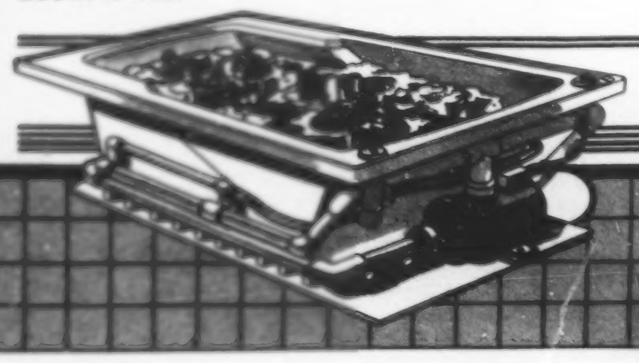

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CALENDAR

Feb. 10-13
Canadian Hardware Show, Coliseum Exhibition Place, Toronto. 416-821-3470 or 1-800-387-8246.

Feb. 11-14
Mid-Atlantic Lumbermen's Exposition, Adams Mark Convention Center, Philadelphia. 601-352-8561.

Feb. 12-13
Felmor Corporation 21st Annual Trade Show, Martin's West Convention Center, Baltimore. 301-669-6000.

Feb. 12-13
Eastern Building Material Dealers Association 93rd Eastern Region Exposition and Convention, Adam's Mark Hotel, Philadelphia. 215-565-6144.

Feb. 14-15
Mid-American Lumbermen's Exposition, Bartle Hall, Kansas City, Mo. 816-931-2102.

Feb. 16-17
Mid America Hardware Show, State Fairgrounds, Columbus, Ohio. 614-486-5278.

Feb. 17-19
Winter National Hardware & Home Center Show, Las Vegas Convention Center, Las Vegas. 312-885-1025 or 203-964-0000.

Feb. 19-20
Illinois Lumber & Building Material Dealers Convention & Buying Market, The Center, Springfield, Ill. 217-544-5405.

Feb. 20-24
Sealed Insulating Glass Manufacturers Association Winter Meeting, Contemporary Resort (Disney World), Lake Buena Vista, Fla. 312-644-6610.

March 3-6
International Hardware Fair, Cologne, West Germany. Telex-8873426.

March 17-20
National Home Center Show, Georgia World Congress Center, Atlanta. 312-823-3183.

March 17-20
N.K.B.A. Show, St. Louis. 201-852-0033.

March 19-21
National Lumber and Building Material Dealers Association Conference and Congress, Hyatt Regency Hotel, Washington, D.C. 202-547-2230.

March 23-24
National Association of Floor Covering Distributors Expo, The Century Plaza Hotel, Los Angeles, Calif. 312-467-0116.

March 24-27
National Association of Floor Covering Distributors Annual Convention, The Century Plaza Hotel, Los Angeles, Calif. 312-467-0116.

March 24-28
National Housewares Manufacturers Association, International Housewares Expo, McCormick Place/McCormick Place West, Chicago. 312-644-3333.

March 28-30
National Association of the Remodeling Industry Convention, Atlantic City Convention Center, Atlantic City, N.J. 703-276-7600.

April 19-22
Ace Hardware Spring Convention, Astro Hall, Houston. 312-887-6600.

April 15-26
Cotter & Company 75th Semi-Annual Market & Convention, General Offices, Chicago. 312-975-2700.

April 21-24
Southern Hardware Convention, Hilton Hotel, New Orleans. 312-885-1025.

April 26-30
American Hardware Supply Spring Market, Baltimore. 412-283-4567.

April 28-May 1
National Kitchen Cabinet Association Convention, Marriott Hotel/Marco Island Resort, Fla. 703-237-7580.

May 5-8
N.B.M.D.A. Show, Hyatt Maui, Maui, Hawaii. 312-724-6900.

May 18-21
Hardware Wholesalers Market, Indiana Convention-Exposition Center, Indianapolis. 219-749-8531.

Aug. 11-15
National Hardware Show, McCormick Place, Chicago. 203-964-0000.

Sept. 20-22
Western Home Center Show, Anaheim Convention Center, Anaheim, Calif. 312-823-3119.

Oct. 2-6
Mountain States Lumber & Building Material Dealers Assn. Annual Convention, Sheraton Denver Tech. Center, Denver. 303-793-0859.

Oct. 14-25
Cotter & Company 76th Semi-Annual Market & Convention, General Offices, Chicago. 312-975-2700.

Oct. 18-20
Ace Hardware Fall Show, Bartle Hall, Kansas City, Mo.

Oct. 20-23
National Hardware Convention, Hilton, San Francisco. 312-885-1025.

Nov. 10-13
National Building Materials Distributors Association Convention, Franklyn Plaza, Philadelphia. 312-724-6900.

Nov. 16-20
National Lumber and Building Materials Dealers Association Conference, Seattle, Wash. 202-547-2230.

When's your show?
If home center operators will be attending your show, association convention or special seminar, *NHCN* wants to know. Send date, location and schedule to: Calendar, *National Home Center News,* Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.

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Forest product cos. take record '84 write-offs

(Continued from page 16)

company will spend $400 million on capital projects with about 66% of the funds going into paper and related businesses.

Southwest Forest Industries will spend $200 million over the next four years to modernize a pulp and paper mill and to acquire additional corrugated container plants. In addition, $150 million will go to the refurbishing of a pulp and paper mill in Panama City, Fla., while $50 million will be devoted to acquiring the corrugated container plants. According to public relations representative Kathy Milus, both projects are contingent upon an improving economy and the sale of approximately $100 million in assets, which would include timberlands and certain nonpaper operations. In addition, Southwest plans to convert $50 million of outstanding debentures into common stock. Southwest is considering the sale of its Knox Lumber subsidiary in order to raise needed cash (*NHCN*, Jan. 14).

"We're also getting away from a strict lumber and plywood orientation," said Louisiana-Pacific spokesman Barry Lacter. The company is constructing waferboard and medium-density fiberboard plants in Virginia and Minnesota. Louisiana-Pacific has already completed such plants in California and Idaho. Lacter added that the cost for constructing the plants is about $15 million each.

Evadna Lynn sees hope for the industry. "Our forecast for the new year is that lumber prices will show a modest improvement because of the lumber plant shutdowns. These shutdowns will begin, and I emphasize begin, bringing the industry into balance."

PEOPLE

(Continued from page 12)

David Felts to president and chief operating officer, **Woods Wire Products,** Carmel, Ind., maker of electrical cordsets, trouble lights, telephone accessories and electrical specialty products. He was formerly executive vice president.

Kenneth Kermes to executive vice president, finance and corporate development, at **Black & Decker,** Towson, Md., maker of power tools. He was previously senior vice president at Ralston Purina Co., St. Louis, Mo.

Gerald P'Pool to executive vice president from senior vice president, marketing services, for **Thomas Industries,** Louisville, Ky., a 16-division manufacturer of lighting, decorative home accessories, tools, hardware and paint applicators.

Thomas Albani to vice president of **Allegheny International,** Pittsburgh, Pa., he will continue as president of the company's North American appliance division.

Also at Allegheny, **John Bloxcidge** and **Anthony McCann** to vice presidents of the corporation, with Bloxcidge continuing as president of Wilkinson Sword Division, and McCann as president of Sunbeam International division.

Don Savon to divisional vice president, Galaxy Carpet Mills' eastern division, based in Elk Grove Village, Ill.

Anthony Asalone to vice president and general manager, painting systems division, **Campbell Hausfield,** Nashville, Tenn., maker of air compressors and air power tools.

Larry Waxman to vice president, sales, consumer products division, of **Waxman Industries,** Bedford Heights, Ohio, maker of home plumbing, electricals and hardware.

Gary Sherman to area vice president of consumer support, **The Silent Watchman Corp.,** Columbus, Ohio, maker of loss control systems and services for chain store networks.

Bob Stevens to vice president, consumer sales, the **Mystic Tape Corp.,** Gurnee, Ill., maker of pressure sensitive tapes.

J. Terry Cochran to vice president, sales, for Kelley Manufacturing, Houston-based maker of wheeled products and consumer galvanized wear.

Steve Anness to national sales manager of newly created consumer division, **Challenger Electrical Equipment Corp.,** Malvern, Pa.

Robert Legate, president of two Prudham Building Supplies stores in Edmonton, Alberta, was elected president of the 1,800-member Canadian Retail Hardware Assn. (CRHA), during its annual meeting at Niagara Falls. As well as being the first Albertan, he is the first primarily building supply dealer to be elected to head the CRHA.

Housing starts climb to highest level in 5 years

(Continued from page 10)

housing market to more first-time buyers, and encouraging home-building.

Major changes in home-building activity were recorded in both the South and West regions in December. Housing starts in the South increased to a seasonally adjusted 809,000 units. This is 18.6% above November's slump of 682,000 units, which marked the lowest point for construction in the South since January 1982. Building permits in the South were also up, climbing 1.9% over November's rate to 751,000 units, seasonally adjusted.

In the West, however, homebuilding fell abruptly by 20.4% from November to 323,000 units, seasonally adjusted with permits also down, falling 11% from November to 388,000 units.

The Northeast, where building activity had picked up in November, fell by 13.8% to 212,000 units, seasonally adjusted but permits were up by 9% to 229,000 units, promising renewed activity in the future.

The Midwest ended the year with a 10.5% rise in building over November to 243,000 units, with permit activity up 5.8% to 220,000 units.

Ernst Home Centers fills 3 district manager posts

Gary Skrla

Kelly McCauley

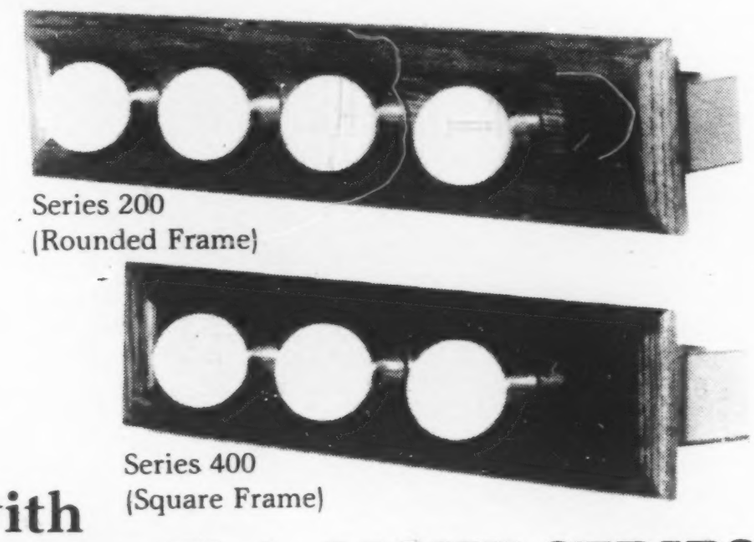
SEATTLE — Three new district managers have been announced at 70-unit **Ernst Home Centers,** a subsidiary of the **Pay 'n Save Corp.,** based here.

Gary Skrla, who now oversees 11 Ernst stores in the South Puget Sound region, was formerly store manager for Henry Bacon Lumber and Building Materials Supply, and previously held a similar position for a Mr. Plywood outlet.

Kelly McCauley is now district manager for eastern Washington and Idaho, being previously a manager of an Ernst store in Orem, Utah.

Dave Palmerson is district manager for all Ernst and Von Tobel's home center stores in Nevada and Wyoming, from being director of three Von Tobel's stores in Las Vegas.

Lighten Up. . . .



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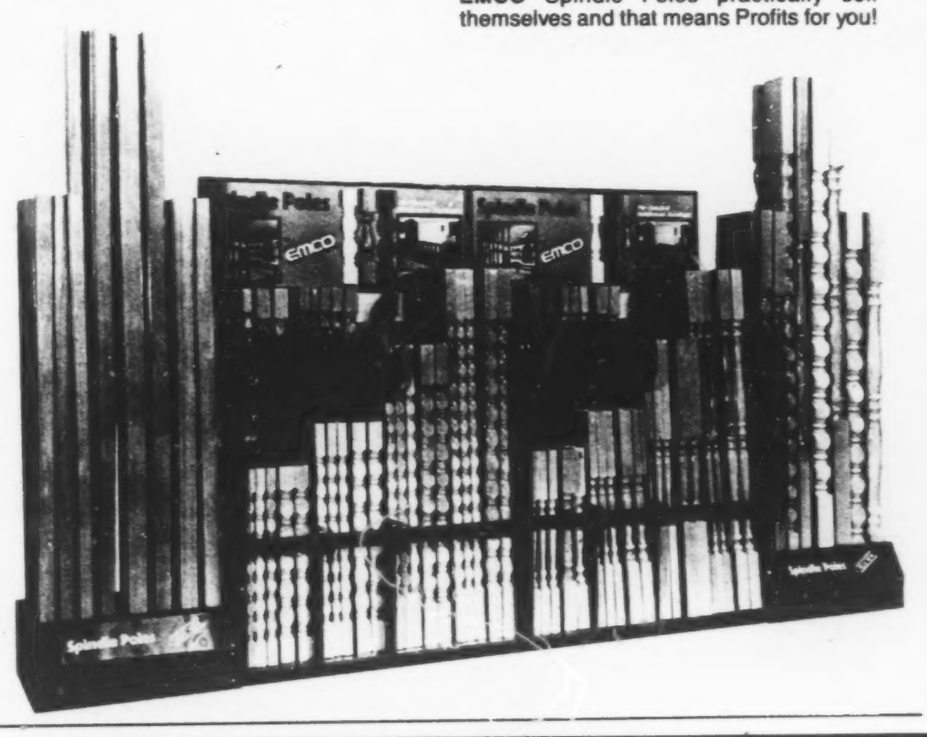

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HOME CENTER TRIVIA

Answers to Home Center Trivia, Page 12

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Decorative Products Supplement—pp. 31-54

Scotty's diversifies store design—pp. 23-26

National
Home Center News®

Vol. 11, No. 5 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. Feb. 25, 1985

Boise retrenches; may sell more units

Lowe's sweeps West

By Phillip M. Perry
NHCN senior editor

BOISE, Idaho — Boise Cascade said it plans to sell more of its retail outlets, following its Jan. 25 agreement to sell 23 units to Lowe's.

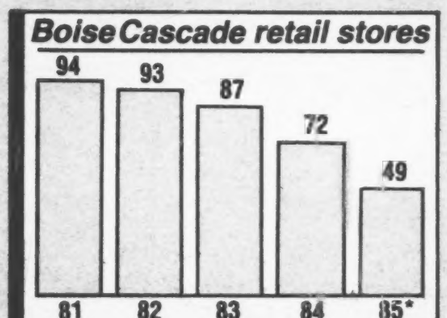
When the sale of the stores to Lowe's is closed, an event expected to occur by the end of next month, Boise will be left with 48 active retail facilities, as well as one closed unit in Oklahoma. These include 10 units in the Houston market that were rejected by Lowe's.

Doug Bartels, public relations manager for Boise, said that the company's stores were profitable enterprises, but that "there are different degrees of profitability," and that it would be correct to conclude that other divisions in the company were more profitable on an overall basis than were the stores.

"Someone else [more ex-

(Continued on page 86)

Boise Cascade retail stores



*Assumes closing of Lowe's sale & closing of one unit in Oklahoma

New Lowe's markets

Texas	No. of stores
Dallas-Fort Worth	12
Austin-San Antonio	4
Midland	1
Oklahoma	
Oklahoma City	3
Tulsa-No. Oklahoma	3

Source: Boise Cascade; *NHCN* charts

Evans supply line tightens; vendors object to secrecy

By John Caulfield
NHCN senior editor

NATIONAL REPORT — The continuing mystery shrouding Evans Products' financial plight is beginning to complicate relations with vendors, and frustrate Evans employees.

Having missed its $600 million debt payment due Jan. 15, and handicapped by a rock-bottom credit rating, Evans now faces growing vendor disenchantment that could jeopardize its ability to keep a steady flow of products coming into its retail stores, especially its new warehouses.

Several major vendors have confirmed decisions to, at least temporarily, cut off one or more of Evans' home center chains from products and credit, with their officials complaining they haven't been paid on time and that they have received virtually no information on Evans' financial status or its negotiations with its 22 bank lenders.

While a majority of suppliers are shipping Evans, some are doing so, their officials say, mostly out of loyalty to the chain's executives, buyers and store managers. And, credit considerations have led a number of vendors to put Evans Retail, in the words of one manufacturing source, "on a very tight string."

As has been the case over the past several months, Evans officials in Miami (its corporate headquarters), Braintree, Mass. (where Evans Retail and Grossman are based) and Roanoke, Va. (Moore's headquarters) did not return phone calls or refused to comment on either the corporation's debt problems

(Continued on page 85)

Trumps taking charge at Pay 'n Save Corp.

Owners assuming more active role

By Brad Altman
NHCN associate editor

SEATTLE — The Trump Group, a New York-based financial business concern, which orchestrated Pay 'n Save's conversion to private ownership last September, is dramatically altering Pay 'n Save's corporate chain-of-command and lessening the responsibilities of its top executives.

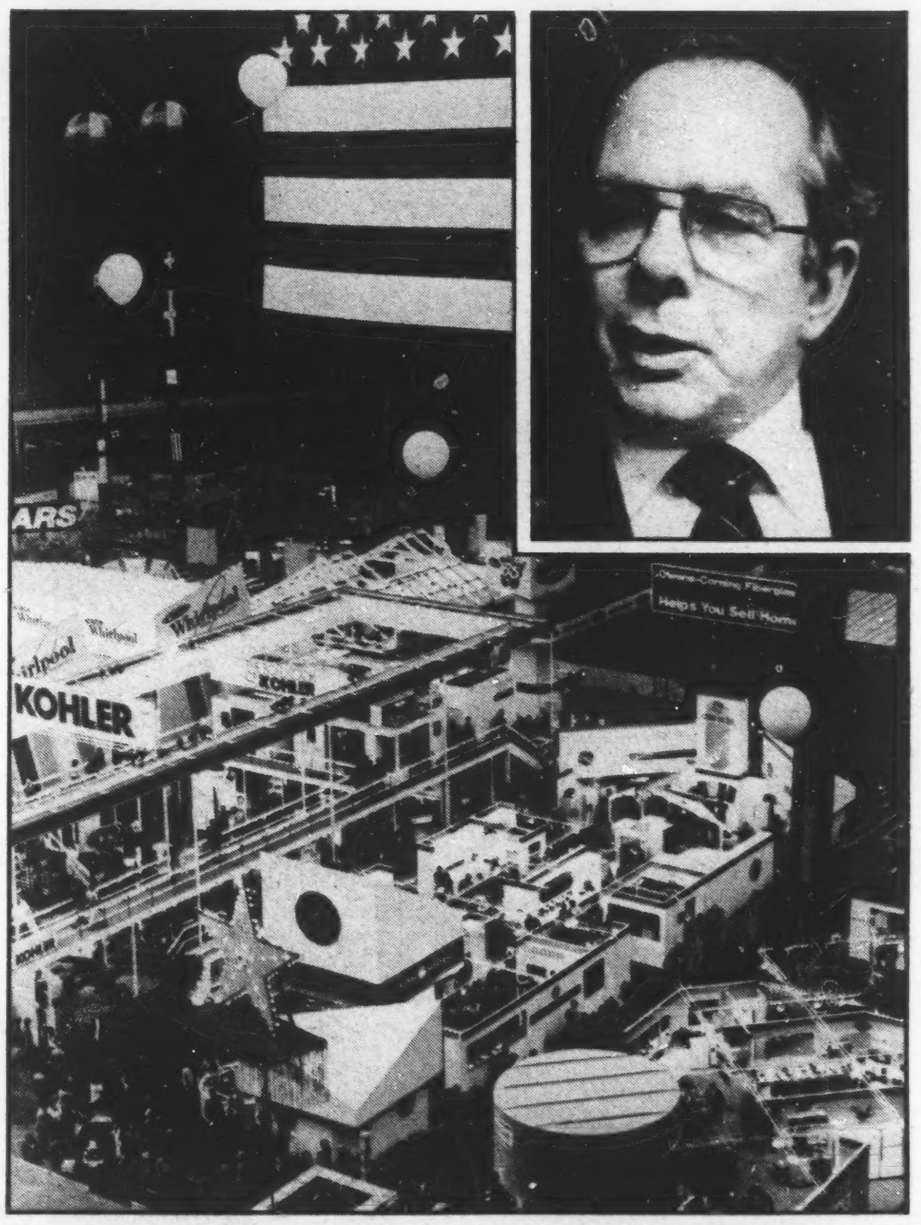
Since early January, division heads—including Bill Boston, a vice president and general manager of 70-unit Ernst home centers—have been reporting directly to Julius Trump and bypassing the chain's former three-man executive committee, which has been abolished.

No longer do the operating divisions report to M. Lamont Bean, chairman and ceo; Clavin Hendricks, vice chairman and cfo, or E. Ronald Erickson, president and coo. The trio had comprised the disbanded executive committee.

"They may not have the final say as they did in the past in terms of the decision-making process," said Pay 'n Save spokesman Jim Konschuh. "But all of them are involved in developing Pay 'n Save's short- and long-term strategies."

Nevertheless, the lessening of power within the chain's executive suite appears to have caught both insiders and observers offguard. Last Septem-

(Continued on page 5)



"Our greatest concern is the nation's runaway Federal deficit," new NAHB president John Koelemij told homebuilders at the association's annual convention in the Houston Astrodome. NHCN photos

SHOW: NAHB

New housing projections buoy builder

Laura Liebeck
NHCN field editor

HOUSTON — Homebuilders throughout the country are enthusiastic about 1985.

News circulating at last month's National Assn. of Home Builders convention was positive, including statistics on the show and improved home building activity now expected for the balance of 1985.

Held in Houston's Astro dome complex Jan. 26-29, the 41st annual NAHB convention was the largest ever, the organization reported. It attracted 50,103 visitors and 900 exhibitors compared to last year's 48,000 guests and 850 exhibitors.

It also earned the organization "several million dollars," according to Kent Colton, exec vp for NAHB.

Although the overall mood at the show was optimistic, especially since the NAHB and leading economists have revised their 1985 housing starts expectations upward to parallel activity in 1984, there was deep concern by the builders over some

(Continued on page 86)

NEWSBREAKS

GOODBUYS 10th. Mr. Goodbuys will open its 10th store this fall at the Cedarbrook Mall, near the Philadelphia suburb of Abington. Goodbuys chairman Steven Erlbaum said the new 116,000-sq.-ft. unit will be followed by another store in the Philadelphia market by the end of 1985 (*see story, Page 3*). Erlbaum also said his company will open two additional stores in northern New Jersey, prior to opening the Abington location.

City Mill's Steven Al leaves the Honolulu chain to become a consultant —Page 2

Mr. Goodbuy's revamps merchandising, slates 5 new units for '85 —Page 3

Builders Square accelerates expansion pace —Page 3

Improved affordability lifts 1984 home resales —Page 11

New franchiser taps nat'l decor market

"We like to come in after home centers finish with the customers," says the chief of a $12 million firm franchising a home decorating service on wheels, now launching a sweeping national expansion drive. Story begins page 40, in *NHCN*'s Decorative Products Supplement.

USA HOUSING OUTLOOK

Midwest Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
AKRON, OHIO	583	388	885	521	470	300	2,575	2,168	1,870
% change vs. previous year	15.3	1.6	1.5	(36.5)	(29.1)	(21.1)	12.9	(16.2)	(13.3)
Single family	283	183	408	249	286	125	1,288	1,940	930
% change vs. previous year	23.8	6.4	1.7	(42.2)	(29.3)	(31.7)	13.6	(19.3)	(13.5)
CHICAGO, ILL.*	4,080	4,210	6,815	5,705	4,300	3,250	21,330	21,030	19,000
% change vs. previous year	(9.9)	37.8	23.3	(34.2)	5.4	(22.8)	93.3	(1.4)	(9.7)
Single family	2,440	1,875	3,985	3,185	2,400	1,750	11,005	11,455	10,500
% change vs. previous year	47.2	12.3	7.8	(0.2)	(1.6)	(6.7)	136.4	4.1	(8.3)
CINCINNATI, OHIO*	1,315	1,012	1,380	1,800	1,450	1,200	5,533	5,642	6,000
% change vs. previous year	55.6	3.9	(4.2)	(0.2)	10.3	18.6	67.3	2.0	6.3
Single family	891	587	949	1,150	950	700	3,633	3,636	3,800
% change vs. previous year	81.3	(2.3)	(5.5)	1.1	6.6	19.3	92.0	0.1	4.5
CLEVELAND, OHIO	733	817	1,255	972	401	567	3,594	3,445	2,800
% change vs. previous year	55.6	94.1	(13.5)	(1.7)	(45.3)	(30.6)	108.5	(4.1)	(18.7)
Single family	457	509	782	606	250	434	2,239	2,147	2,233
% change vs. previous year	81.3	94.3	(13.5)	(1.6)	(45.3)	(14.7)	142.8	(4.1)	4.0

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
COLUMBUS, OHIO	1,225	1,870	2,211	1,200	1,000	1,540	4,925	6,281	6,631
% change vs. previous year	4.7	96.8	57.9	(11.1)	(16.4)	(17.6)	36.8	27.5	5.6
Single family	700	870	1,328	800	700	895	3,050	3,698	3,927
% change vs. previous year	9.4	33.8	47.6	—	—	2.9	52.5	21.2	6.2
DAYTON, OHIO	610	250	575	675	550	300	2,075	2,050	2,250
% change vs. previous year	3.0	—	4.5	1.5	(9.8)	20.0	42.3	(1.2)	9.8
Single family	360	200	525	425	350	200	1,650	1,500	1,650
% change vs. previous year	3.7	—	5.0	(28.0)	(2.5)	—	110.7	(9.1)	10.0
DETROIT, MICH.*	1,755	1,761	4,288	2,425	1,900	1,409	9,869	10,294	9,000
% change vs. previous year	12.0	50.4	53.4	1.1	8.3	(20.9)	64.4	27.6	(12.5)
Single family	1,252	1,137	2,366	1,675	1,300	910	5,782	6,478	6,000
% change vs. previous year	171.0	4.9	20.1	8.3	3.3	(20.9)	229.6	13.6	13.6
INDIANAPOLIS, IND.*	940	591	1,096	1,918	900	540	4,262	4,505	4,300
% change vs. previous year	20.9	7.7	(16.7)	31.6	(4.3)	(8.6)	35.9	5.7	(4.6)
Single family	578	451	800	694	550	340	2,436	2,495	2,500
% change vs. previous year	86.9	15.3	9.0	(5.3)	(4.8)	(24.6)	85.0	2.4	0.2

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

Building mat'ls shift under way

(Continued from page 20)

By 1982, the scene had changed dramatically. Hardboard's market share had grown 88%, aluminum siding had dropped 31%, and vinyl siding's share of the market had doubled to 2%.

"Even though it demands more maintenance than aluminum siding, hardboard siding seems to be gaining favor because there is more color selection," said Gebhardt of Ryan Homes. With aluminum siding, the homeowner can select only from a limited number of colors, while hardboard can be painted any color.

"One of the major problems with aluminum siding is that it's easy to dent," pointed out Mintz of the NAHB.

The increase in market share enjoyed by vinyl siding has come about largely at the expense of aluminum siding, noted industry observers, who pointed out that the latter is a more expensive product. Further, vinyl does not dent as easily as aluminum.

Windows: Metal shows clear gains

Aluminum and vinyl clad windows have steadily eroded the market share held by wood windows used in new homes. While wood window's market share dropped 42% in the period from 1974 to 1982, vinyl clad windows increased by 167% and aluminum's increased by 16%.

"The cost of wood windows is high, and the thermal performance of aluminum windows, in terms of transmission of heat loss, has improved," explained Gebhardt of Ryan Homes.

Front Doors: Steel overtakes wood

In the period from 1974 to 1982, steel replaced wood as the dominant product used in front doors for new homes.

In 1974, wood held 68% of the market while steel held 32%. Eight years later, wood held 33% while steel held 64%.

"Not only can steel be cheaper than wood, but it is thermally better, when magnetic weatherstripping is used," explained Gebhardt of Ryan Homes.

(Continued on page 29)

USA HOUSING OUTLOOK

Midwest Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	1984	1985
KANSAS CITY, MO.*	2,380	2,630	3,290	3,570	2,600	2,900	9,220	12,090	12,000
% change vs. previous year	124.3	76.5	11.9	40.6	9.2	10.3	116.4	30.2	—
Single family	1,890	1,390	1,810	1,430	1,870	1,480	5,630	5,700	6,000
% change vs. previous year	123.2	24.1	(3.7)	(10.1)	(1.8)	6.7	116.2	1.2	5.3
MADISON, WIS.*	540	715	470	425	425	325	1,725	2,835	1,700
% change vs. previous year	103.8	204.3	(17.5)	11.8	(21.3)	(54.5)	118.4	18.9	(16.5)
Single family	235	135	360	260	275	175	1,055	1,030	950
% change vs. previous year	57.6	(10.0)	(2.7)	(13.3)	17.0	29.6	134.4	(2.4)	(7.8)
MILWAUKEE, WIS.*	766	673	961	789	550	528	3,634	2,973	3,000
% change vs. previous year	53.8	95.6	(15.8)	(42.9)	(28.2)	(22.7)	71.8	(18.2)	0.9
Single family	348	394	637	536	300	328	1,723	1,867	1,900
% change vs. previous year	38.1	78.3	9.3	(6.1)	(13.8)	(16.8)	91.8	8.4	1.8
MINNEAPOLIS-ST. PAUL, MINN.*	4,300	3,000	5,900	5,300	4,200	3,200	17,400	18,400	17,500
% change vs. previous year	18.3	15.4	7.3	6.9	(2.3)	6.7	39.2	5.7	(4.9)
Single family	2,500	1,800	3,900	3,200	2,400	2,000	11,400	11,300	11,000
% change vs. previous year	19.0	5.9	5.4	(8.6)	(4.0)	11.1	50.0	(0.9)	(2.7)

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	1984	1985
ST. LOUIS, MO.*	2,310	2,290	3,090	2,880	2,100	2,000	10,950	10,360	9,250
% change vs. previous year	(12.5)	(0.4)	6.6	(16.3)	(9.1)	(12.7)	37.6	(5.4)	(10.7)
Single family	1,150	1,290	1,710	1,580	1,100	1,150	6,070	5,680	5,000
% change vs. previous year	4.5	(8.5)	(2.8)	(9.7)	(4.3)	(10.9)	47.3	(6.4)	(12.0)
TOLEDO, OHIO*	569	282	529	413	350	200	2,038	1,574	1,500
% change vs. previous year	61.2	(18.0)	0.8	(31.2)	(38.5)	(29.1)	14.8	(22.8)	(4.7)
Single family	212	148	295	204	150	100	1,022	797	700
% change vs. previous year	84.3	(14.0)	(6.6)	(36.6)	(29.2)	(32.4)	71.2	(22.0)	(12.2)
WICHITA, KAN.*	1,189	823	897	1,115	638	575	3,824	3,473	3,100
% change vs. previous year	73.3	42.1	(2.2)	(2.1)	(46.3)	(30.1)	27.7	(9.2)	(10.7)
Single family	677	538	713	329	300	300	2,772	1,880	1,700
% change vs. previous year	54.9	31.9	(5.4)	(64.7)	(55.7)	(44.2)	82.0	(32.2)	9.6
MIDWEST TOTAL	24,663	22,419	35,179	39,898	22,744	19,541	106,953	111,222	104,711
% change vs. previous year	17.3	36.4	11.9	(10.1)	(7.8)	(12.8)	57.9	4.0	(5.9)
Single family	13,818	11,998	21,514	17,021	12,830	11,229	63,435	63,363	61,420
% change vs. previous year	38.4	13.1	6.7	(9.9)	(7.2)	(6.4)	86.1	(0.1)	(3.1)

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

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Building mat'ls shift under way

(Continued from page 28)

"Also, steel doesn't swell or rot."

Within the categories of wood and steel doors, other changes are under way. Wood flush (nondesign) doors have taken on more market share, from only 5% in 1974 to 24% in 1982.

This may be due to the fact that these doors are made from cheaper wood and are installed primarily on lower cost homes.

Wood panel (designed) doors fell from a 63% market share in 1974 to only 9% in 1982. This is due to the growing popularity of steel embossed doors.

Steel embossed doors grew from 6% in 1974 to 33% in 1982, while steel flush (flat) doors grew at a more modest rate.

Fireplaces: More new homes have them

Only 6% of new homes had two fireplaces or more when built in 1974. Eight years later, this figure had risen to 10%.

Some 57% of new homes had at least one fireplace in 1974, while 70% had at least one in 1982. The change could offer opportunity for retailers selling fireplace accessories.

Flooring: Carpeting, sheet goods increase; tile declines

Carpeting has retained its comfortable lead at just under 75% of new housing floor covering.

The only other products to have captured significant market share are resilient floor tile and resilient sheet goods, which have just about switched positions over the past decade.

In 1974, resilient tile was being installed in 12% of new homes, while resilient sheet goods were installed in 7%. Eight years later, the figures were 5% and 13%, respectively.

Gebhardt of Ryan Homes said customer preference was the No. 1 reason for carpet's dominance in new homes. In the case of resilient, he said not only that more varieties of sheet goods are available than in the past, but also that the product is not as labor intensive to install as is tile.

More housing statistics, Pages 31-37

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USA HOUSING OUTLOOK

Upgraded built-in-factory homes offer buyers affordable options

(Continued from page 19)

from the President's Commission on Housing urging more affordable housing in this country, the Federal Government has joined the effort to help more families become eligible for mortgage financing.

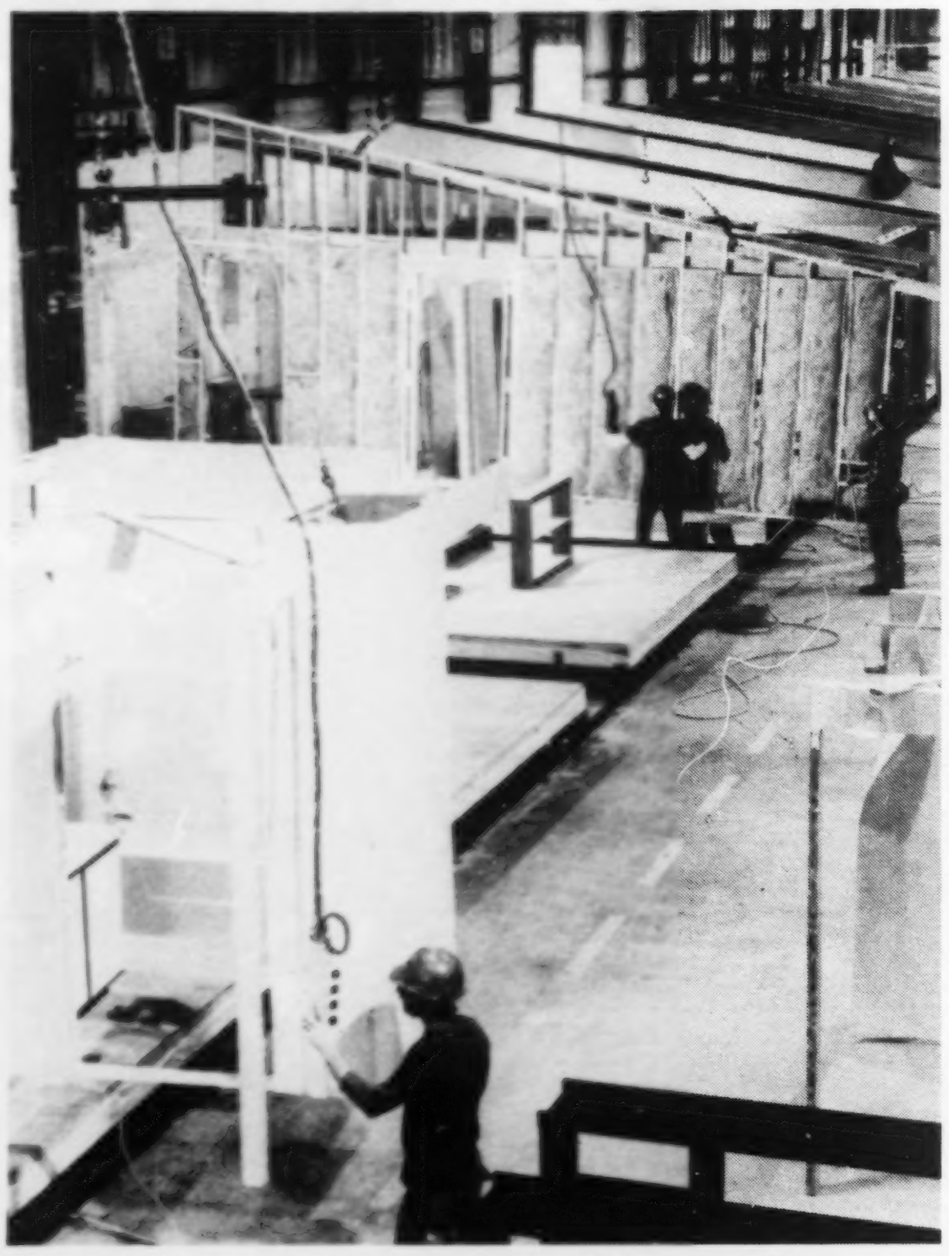
Mortgage financing for permanently affixed mobile home units is becoming more available and on more affordable loan terms. Previously, mobile homes were purchased as personal property rather than as real estate thus giving the purchaser shorter loan terms and higher interest rates.

The Veterans Administration is expected to make the loan category switch later this month and the Farmers Home Administration is expected to do so by late spring. The Federal Home Administration made the change in April 1983.

The Yorba Linda project reflects a major breakthrough in the areas of zoning and image. It overcame local zoning ordinances with the cooperation of its city officials, a participant in the project. Green Hills is still in the construction stages and buyer acceptance has not yet been tested. The mobile home units are produced by Fleetwood Enterprises Inc. of Riverside, Calif., the largest mobile home producer in the United States, with 40,000 units in 1984, according to *Professional Builder* magazine.

Yorba Linda is just one example of how pervasive factory-built home construction is in the market today. In fact, according to *Automation in Housing/Systems Building News*, 49% of all housing in the country includes some form of prefabricated materials prior to reaching the permanent home site. Of that 49%, 27% is attributed to panelized construction, 18% to mobile homes and 4% for modular/sectional home construction.

Panelized construction, the fastest growing segment of the total housing industry, refers to homes built from components like roof and floor trusses, walls, staircases and bathrom and kitchen units that are built in the factory and assembled on the site.



This factory-controlled environment is the building site for these units produced by Cardinal Industries of Columbus, Ohio.

Mobile homes, now called manufactured housing, a result of a June 1976 National Manufactured Home Construction and Safety Standards Act of 1974 specifying construction requirements, is defined as housing unit 12 ft. to 14 ft. wide by as much as 80 ft. long. It is built on its own chassis in a factory and is 100% complete, including furnishings, when it is transported to its permanent foundation.

Modular/section home construction means 12-ft. by 24-ft. "boxes" built in a factory that are 95% complete when delivered to the construction site. The individual units are "mated" at the site to form a home that appears to be site-built.

Despite these differences, all manufactured housing have several similarities. They are cheaper than conventionally stick-built houses because they are generally built by nonunion workers, in a factory-controlled setting. Also, the units are built from orders. Speculative and inventory construction is reserved for site builders.

The average cost of a mobile home is approximately $21,000, excluding land but including transportation to the site, compared to $72,500 for a stick-built house. Bruce Butterfield, vp of public relations for the Manufactured Housing Institute, said mobile home units cost an average of $20.25 per square foot compared to $41.64 per

(Continued on page 31)

FOR THE RECORD

Loss Prevention meet to be held in Nashville

INDIANAPOLIS — The third annual Home Center Loss Prevention Conference, sponsored by the Home Center Institute here is scheduled for April 14 to 17, 1985.

To be held at the Opryland Hotel in Nashville, the conference will include discussions on liabilities in loss prevention; P.O.S. security, and control and computer security. Also, nine round-table discussions are scheduled.

2 hardware makers merge: Dasco Pro Inc.

ROCKFORD, Ill. — DASCO Products Inc. and Pro Products Co. Inc., locally owned and operated hardware manufacturers, have agreed in principle to merge. The DASCO Products line consists of a wide range of forged struck tools for use in woodworking, metalworking and masonry jobs. Pro Products sells aluminum, brass-bound and urethane levels as well as aluminum squares, angle finders and inclinometers. Reflecting the merger, the new company name will be DASCO PRO Inc.

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USA HOUSING OUTLOOK

South Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
ATLANTA, GA.*	10,915	12,305	14,900	12,340	11,760	11,100	45,190	51,305	44,075
% change vs. previous year	61.3	31.2	11.5	6.7	7.7	(9.8)	82.8	13.5	14.1
Single family	7,785	8,150	8,300	7,145	7,675	7,660	29,530	31,270	27,830
% change vs. previous year	62.9	29.0	4.1	(4.5)	(1.4)	(6.0)	67.2	5.9	(11.0)
BALTIMORE, MD.*	3,610	3,020	4,320	4,620	3,630	3,070	15,830	15,590	15,275
% change vs. previous year	32.7	6.0	(0.2)	(8.3)	0.6	1.7	107.7	(1.5)	(2.0)
Single family	3,110	2,390	3,520	3,920	2,750	2,300	12,980	12,580	12,025
% change vs. previous year	52.5	11.2	2.6	(8.6)	(11.6)	(3.8)	130.6	(3.1)	(4.4)
DALLAS-FORT WORTH, TEX.*	25,100	24,900	24,200	20,100	13,700	16,800	112,500	82,900	66,900
% change vs. previous year	41.0	(8.5)	(17.7)	(34.7)	(45.4)	(32.5)	125.0	(26.3)	(19.3)
Single family	10,200	10,300	11,200	9,400	6,900	7,000	47,700	37,800	33,500
% change vs. previous year	24.4	1.0	(19.4)	(29.9)	(32.4)	(32.0)	80.7	(20.8)	(11.4)
FORT LAUDERDALE, FLA.*	3,034	2,441	3,268	4,725	5,060	3,900	12,002	15,494	18,075
% change vs. previous year	168.0	11.0	(0.9)	36.1	66.8	59.8	93.5	29.1	16.7
Single family	1,127	1,145	1,297	1,450	1,610	1,400	4,082	5,502	6,075
% change vs. previous year	170.9	46.2	33.2	21.0	42.9	22.3	145.8	34.8	10.4

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
HOUSTON, TEX.	10,050	11,080	10,120	5,380	4,300	5,820	58,780	30,880	32,320
% change vs. previous year	(37.5)	(39.0)	(40.9)	(60.9)	(57.2)	(47.5)	(12.2)	(47.5)	4.7
Single family	5,490	6,300	6,010	3,130	2,750	4,110	10,450	18,190	10,610
% change vs. previous year	(22.2)	(23.3)	(34.8)	(58.4)	(49.9)	(34.8)	(4.2)	(49.3)	13.3
LAKELAND-WINTER HAVEN, FLA.	642	732	912	896	930	950	2,250	3,470	3,782
% change vs. previous year	21.0	29.8	70.5	76.0	44.9	29.8	(4.7)	54.2	9.0
Single family	322	450	543	558	600	603	1,198	2,151	2,322
% change vs. previous year	47.1	59.0	62.1	116.3	86.3	34.0	(2.6)	79.5	7.9
LITTLE ROCK/NORTH LITTLE ROCK, ARK.*	959	1,009	1,369	1,009	661	790	3,908	4,048	3,300
% change vs. previous year	1.6	67.6	10.0	(8.5)	(31.1)	(21.7)	54.0	3.6	(18.5)
Single family	279	426	489	338	275	375	1,282	1,528	1,600
% change vs. previous year	83.6	86.0	18.4	(6.4)	(1.4)	(12.0)	162.7	19.2	4.7
MEMPHIS, TENN.*	1,386	2,250	2,364	1,599	1,400	1,250	5,328	7,613	6,500
% change vs. previous year	42.9	150.0	48.7	10.1	1.0	(44.4)	97.7	42.9	(14.6)
Single family	934	1,050	1,148	824	900	750	4,105	3,922	3,300
% change vs. previous year	33.4	23.5	(10.3)	(27.1)	(3.6)	(28.6)	129.2	(6.5)	(15.9)

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

More South Region housing statistics, Page 33

New technology; more options

(Continued from page 30)

square foot for site-built houses.

Modular housing units usually cost about the same as those for stick-built units. Evaluating the cost of panelized home construction is even more difficult to assess since builders incorporate many of these techniques within their stick-built construction patterns.

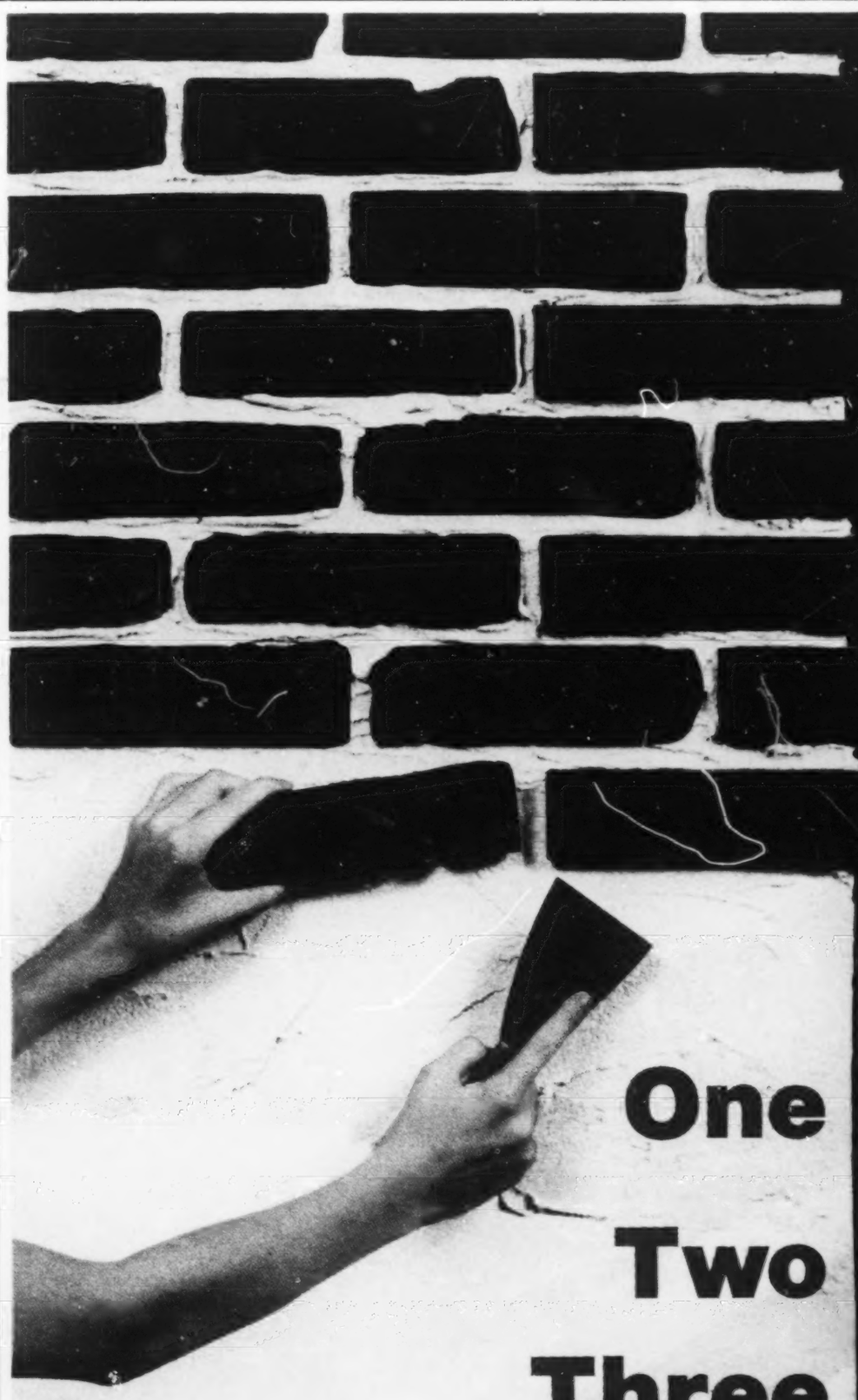
Another aspect of panelized construction, called precut home construction, includes housing packages such as log and geodesic dome houses. These kits are relatively inexpensive because they include only the materials and directions for the shell of the house, and could, when completed, cost as much as the owner chooses to spend.

In fact, the most attractive feature of manufactured housing, experts say, is the owner's ability to control housing costs without sacrificing quality.

"Consumers are more educated these days," noted Linda Parrish, assistant director of the Home Manufacturers Council of the National Assn. of Home Builders. "They recognize the factory-built units as strongly built with a high quality factor."

"If I moved into a $50,000 stick-built house it would be a cheap neighborhood and I didn't want that," commented J. Steen Jacobsen, section director of the Federation of Mobile Home Owners of Florida, a 200,000 member group. Speaking of his $50,000 mobile home purchased six years ago, Jacobsen added, "It's a home with every modern convenience including a social life."

Since all housing, other than mobile homes, is classified as new housing starts compiled by the U.S. Commerce Department, quantifying manufactured housing activity is difficult. Mobile home production, however, is measurable because of the national building code. According to the National Conference of States on Building Codes and Standards Inc., 278,426 units were produced for the first 11 months of 1984. In 1983, 276,493 units were produced.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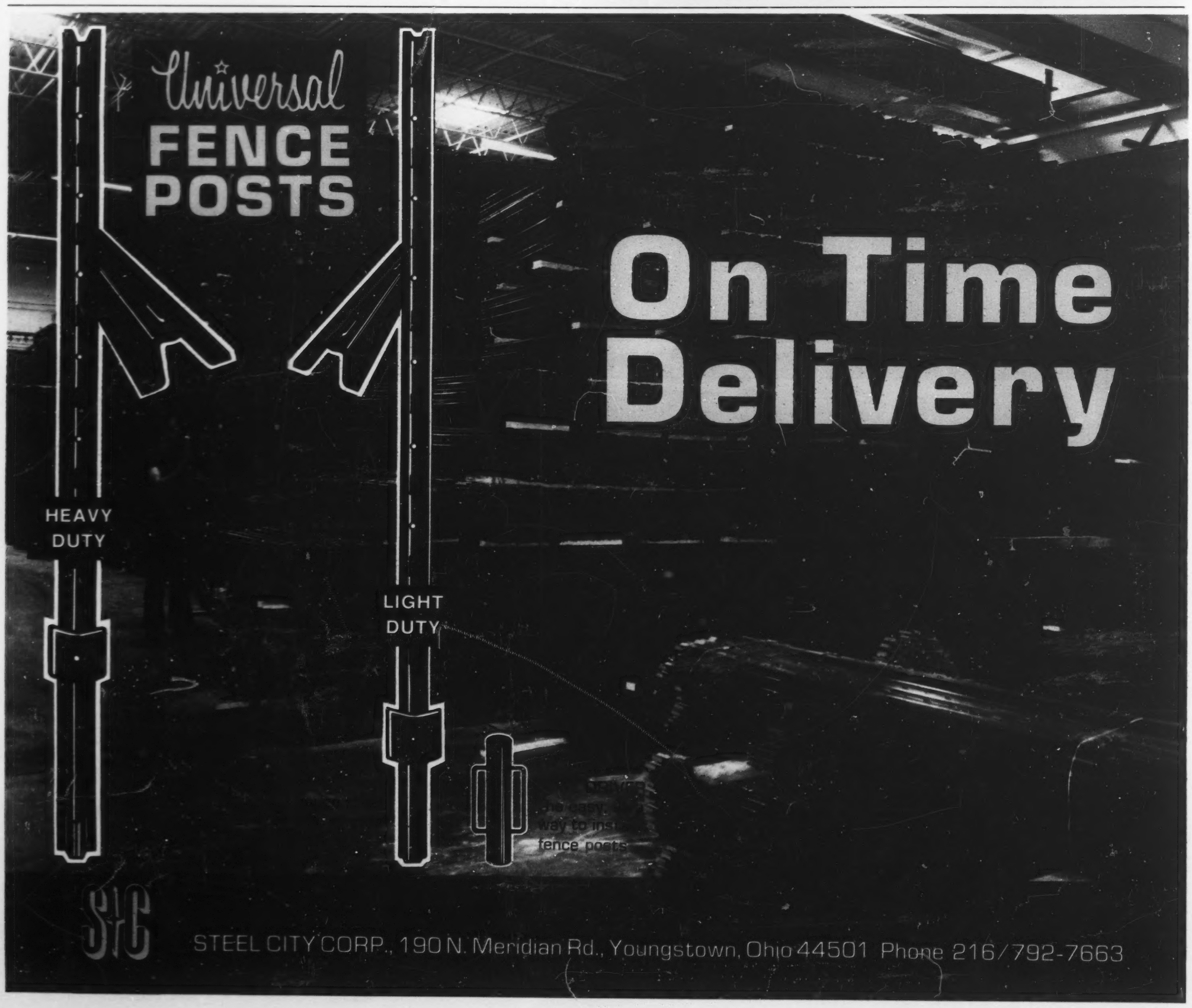
USA HOUSING OUTLOOK

South Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
MIAMI, FLA.*	3,822	2,614	4,101	4,375	5,225	4,850	12,130	16,815	21,900
% change vs. previous year	36.6	26.8	7.0	49.8	72.9	85.5	56.7	38.6	30.2
Single family	1,350	1,497	2,015	1,475	1,625	1,750	4,996	6,612	8,150
% change vs. previous year	151.9	91.9	40.1	3.3	20.4	16.9	159.9	32.2	23.3
NASHVILLE-DAVIDSON	1,800	2,289	4,112	2,472	1,727	2,250	6,720	10,600	9,600
% change vs. previous year	173.6	112.7	150.6	12.2	(4.1)	(1.7)	207.0	57.7	(9.4)
Single family	224	350	348	235	227	350	1,252	1,160	1,100
% change vs. previous year	14.9	(3.8)	(0.3)	(25.4)	1.3	—	100.3	(7.3)	(5.2)
NEW ORLEANS, LA.*	3,054	3,542	3,058	2,070	2,050	2,400	13,632	10,717	8,725
% change vs. previous year	80.9	8.3	(21.3)	(39.5)	(32.9)	(32.2)	119.5	(21.4)	(18.6)
Single family	1,435	1,577	1,820	1,300	1,350	1,500	6,124	6,147	5,225
% change vs. previous year	32.2	57.0	(4.4)	(24.3)	(5.9)	(10.5)	68.8	0.4	(15.0)
NORFOLK, PORTSMOUTH, VA.	2,749	3,106	3,007	2,989	2,298	2,800	12,171	11,400	10,630
% change vs. previous year	20.3	18.0	(11.2)	(12.2)	(16.4)	(9.9)	105.7	(6.3)	(7.0)
Single family	1,310	1,620	1,643	1,430	1,307	1,500	6,239	6,000	5,600
% change vs. previous year	(2.8)	17.1	(8.6)	(18.1)	(0.2)	(7.4)	57.7	(3.8)	(6.7)
ORLANDO, FLA.*	5,090	6,090	6,230	5,830	5,810	5,530	19,840	23,960	20,900
% change vs. previous year	100.4	87.4	25.4	(10.7)	14.1	(9.2)	100.2	20.8	(12.8)
Single family	2,690	3,450	4,040	2,770	3,240	2,750	11,390	13,500	12,400
% change vs. previous year	48.6	62.0	21.3	(14.5)	20.4	(20.3)	76.9	18.5	(8.1)
SAN ANTONIO, TEX.	4,985	4,169	5,105	5,600	4,456	3,750	16,399	19,330	16,200
% change vs. previous year	(7.0)	40.0	45.9	12.4	(10.6)	(10.1)	—	17.9	(16.2)
Single family	1,402	1,906	2,505	2,700	1,400	1,850	5,082	8,511	7,900
% change vs. previous year	9.7	93.1	110.7	79.5	(0.1)	(2.9)	—	67.5	(7.2)
SARASOTA-BRADENTON, FLA.	1,800	2,170	2,100	1,730	2,010	2,157	7,570	8,010	8,500
% change vs. previous year	32.4	66.9	2.9	(28.8)	11.7	(0.9)	51.4	5.8	6.1
Single family	760	790	990	860	850	900	3,780	3,490	3,600
% change vs. previous year	20.6	1.3	(2.9)	(29.5)	11.8	13.9	56.2	(7.7)	3.2
TAMPA-ST. PETERSBURG, FLA.	6,377	7,397	7,883	7,411	7,546	7,112	24,609	30,237	27,111
% change vs. previous year	41.7	43.4	8.5	27.6	18.3	(3.9)	80.0	22.9	(10.3)
Single family	3,609	3,228	3,307	3,776	3,892	3,493	14,537	14,203	13,418
% change vs. previous year	62.8	3.0	(21.1)	4.8	7.8	8.2	111.3	(2.3)	(5.5)
WASHINGTON, D.C.*	8,541	7,641	9,496	8,994	7,000	5,800	31,886	33,104	27,100
% change vs. previous year	68.3	34.5	14.7	(4.3)	(18.0)	(23.8)	100.4	3.8	(18.1)
Single family	6,839	6,461	7,828	7,040	5,800	4,800	25,949	27,163	22,300
% change vs. previous year	47.1	32.1	10.9	(1.1)	(15.2)	(25.7)	82.5	4.7	(17.9)
WEST PALM BEACH, FLA.	5,183	4,332	5,617	6,550	6,575	5,400	18,270	23,074	25,750
% change vs. previous year	145.2	33.1	17.9	29.2	26.9	24.7	125.7	26.3	11.6
Single family	2,338	2,639	3,272	4,200	4,400	3,200	9,157	14,511	15,250
% change vs. previous year	87.5	64.6	33.9	51.5	88.2	21.3	101.1	58.5	5.1
SOUTH TOTAL	119,653	124,884	140,065	118,174	103,626	102,445	508,917	486,746	439,579
% change vs. previous year	29.6	9.6	(0.4)	(11.7)	(13.4)	(18.0)	63.7	(4.4)	(9.7)
Single family	61,445	65,676	74,809	63,846	58,031	57,016	266,850	262,362	246,614
% change vs. previous year	27.7	14.0	(2.1)	(10.6)	(5.6)	(13.2)	58.8	(1.7)	(6.0)

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities



USA HOUSING OUTLOOK

West Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
ANAHEIM-SANTA ANA, GARDEN GROVE, CALIF.*	3,363	3,835	5,023	4,600	3,542	4,500	12,890	17,000	18,000
% change vs. previous year	103.9	61.2	33.0	36.5	5.3	17.3	144.6	31.9	5.9
Single family	2,495	2,129	3,180	2,800	1,891	2,500	7,457	10,000	10,000
% change vs. previous year	253.9	154.4	39.2	52.1	(24.2)	17.4	160.8	34.1	—
ANCHORAGE, ALASKA*	515	977	1,716	1,299	458	400	8,973	4,450	4,000
% change vs. previous year	(50.9)	(56.4)	(51.7)	(51.2)	(11.1)	(59.1)	42.9	(50.4)	(10.1)
Single family	274	351	1,032	818	199	200	3,468	2,400	2,200
% change vs. previous year	(51.9)	(44.0)	(27.9)	(28.0)	(27.4)	(43.0)	12.5	(30.8)	(8.3)
COLORADO SPRINGS, COLO.*	2,932	2,587	3,452	1,614	1,150	975	10,805	8,803	7,300
% change vs. previous year	110.9	71.3	30.8	(56.6)	(60.8)	(62.3)	169.5	(18.5)	(17.1)
Single family	1,210	1,089	1,333	876	600	600	5,637	3,898	3,300
% change vs. previous year	10.0	(5.3)	(21.6)	(44.5)	(50.4)	(44.9)	67.3	(30.8)	(15.3)
DENVER-BOULDER, COLO.*	7,441	6,590	8,044	4,982	4,566	5,104	30,731	24,182	20,043
% change vs. previous year	5.3	6.3	(8.6)	(39.9)	(38.6)	(22.5)	61.8	(21.3)	(13.8)
Single family	4,784	4,701	5,063	3,405	3,196	3,573	22,176	16,365	14,590
% change vs. previous year	19.2	(5.3)	(20.2)	(43.8)	(33.2)	(24.0)	84.5	(26.2)	(10.8)
HAWAII	600	1,100	1,722	1,225	900	500	5,300	4,947	4,300
% change vs. previous year	(45.5)	10.0	32.5	(49.0)	50.0	(54.5)	3.9	(6.7)	(13.1)
Single family	500	1,000	1,133	1,041	500	400	3,200	3,674	3,300
% change vs. previous year	78.6	25.0	13.3	15.7	—	(60.0)	60.0	14.8	(10.2)
LAS VEGAS, NEV.*	2,732	2,982	1,980	2,433	1,400	1,600	12,712	8,795	8,200
% change vs. previous year	78.6	(6.2)	(38.1)	(31.1)	(48.8)	(46.3)	89.7	(30.8)	(6.8)
Single family	1,126	1,437	1,495	822	700	1,000	6,549	4,454	4,300
% change vs. previous year	12.0	(0.9)	(37.7)	(47.7)	(37.8)	(30.4)	93.8	(32.0)	(3.5)
LOS ANGELES, LONG BEACH, CALIF.*	8,268	9,433	9,247	8,000	6,320	8,000	27,367	33,000	32,000
% change vs. previous year	115.5	118.8	23.0	10.0	(23.6)	(15.2)	98.8	20.6	(3.0)
Single family	2,472	3,446	3,812	3,000	2,242	3,000	9,799	12,500	12,000
% change vs. previous year	80.0	89.4	14.4	37.9	(9.3)	(12.9)	126.7	27.6	(4.0)
PHOENIX, ARIZ.*	11,300	16,000	17,500	14,600	13,700	12,700	46,000	60,000	42,500
% change vs. previous year	32.9	61.6	8.3	41.7	21.2	(20.6)	104.4	30.4	(29.2)
Single family	4,300	6,000	5,700	4,600	6,200	6,200	21,000	22,500	22,500
% change vs. previous year	(4.4)	27.7	(18.6)	(8.0)	44.2	3.3	68.0	7.1	—

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

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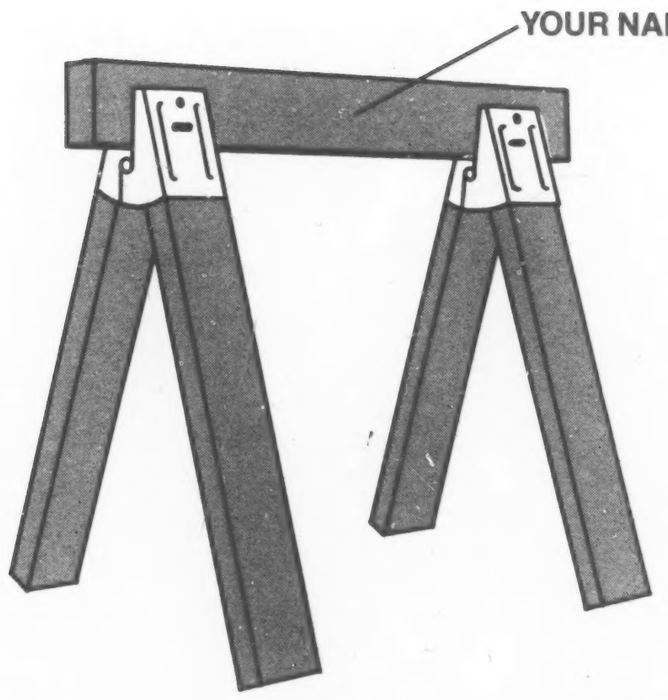

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Brochure offers designer options

WASHINGTON — A new publication from the Department of Housing and Urban Development (HUD) called Designing Affordable Houses, shows builders and designers of homes ways to make dwellings less expensive.

It presents a wide variety of plan options available to designers of compact houses. Concentrating on single-family, single-story detached houses with an area of less than 1,200 sq. ft., the plans are adaptable to split-level or split-entry design with the addition of a staircase.

Variations in the basic room components and floor plans are diagrammed according to size, proportion and their relationship to each other. Arrangements of four popular plan styles are included.

Although directed primarily toward designers, this publication could be of use to any individual interested in the design of moderate cost housing, according to HUD.

Designing Affordable Houses, stock number 023-000-00702-9, costs $1.75. Prepayment should be sent to Dept. 36-HW, Superintendent of Documents, Washington, D.C. 20402. To order by MasterCard or Visa, call 202-783-3238.

FOR THE RECORD

Power equipment shipments increase

WASHINGTON — Walk-behind power mower, lawn tractor, riding mower, riding garden tractor and rotary tiller shipments increased 12.8% during the 12 months ended Aug. 31, 1984, according to figures recently issued by the Outdoor Power Equipment Institute here.

Lawn tractor and riding mower shipments had the most significant growth, with an almost 24% increase over 1983, with 856,000 units shipped compared to 691,000 the previous year.

Walk-behind power mower shipments were up 12.5% to 4.95 million units shipped from 4.4 million, and riding garden tractor shipments were up 18% to 152,000 from 129,000 the year before.

West Region Housing Starts by Market

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
RIVERSIDE, SAN BERNARDINO-ONTARIO, CALIF.*	6,806	7,119	10,756	8,500	7,625	9,000	24,884	34,000	36,000
% change vs. previous year	140.0	95.7	32.6	48.3	12.0	26.4	128.0	36.2	5.9
Single family	4,832	4,957	5,420	5,000	4,623	5,000	18,416	20,000	20,000
% change vs. previous year	108.0	[illegible]	(8.3)	9.2	(4.3)	8.9	122.6	8.6	—
SACRAMENTO, CALIF.	2,876	2,574	2,971	3,092	2,765	2,200	11,334	11,402	12,750
% change vs. previous year	133.3	17.3	(9.3)	4.1	(3.9)	(14.5)	135.3	0.6	11.8
Single family	1,824	1,824	2,129	1,558	1,450	1,500	7,512	6,961	6,750
% change vs. previous year	95.8	16.5	1.8	(23.3)	(20.5)	(17.8)	114.9	(7.3)	(3.0)
SAN DIEGO, CALIF.*	5,534	7,202	5,760	5,695	4,500	7,500	20,078	32,157	23,600
% change vs. previous year	114.2	103.1	24.3	(10.5)	(18.7)	4.1	192.3	15.3	11.9
Single family	2,635	3,242	2,750	2,825	2,500	3,500	10,041	11,317	11,600
% change vs. previous year	138.0	77.6	6.9	(6.1)	(5.1)	8.0	184.8	12.7	2.5
SAN FRANCISCO, CALIF.*	4,700	4,100	5,400	3,200	2,500	4,000	15,300	15,200	15,000
% change vs. previous year	108.9	105.0	14.9	(17.9)	(46.8)	(2.4)	70.0	(0.7)	(1.3)
Single family	2,800	2,500	2,500	2,000	1,500	2,500	9,500	8,500	9,000
% change vs. previous year	107.4	127.3	(16.7)	(20.0)	(46.4)	—	104.3	(9.6)	5.9

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

MARKET	1983 IV	1984 I	1984 II	1984 III	1984 IV	1985 I	ANNUAL DATA 1983	ANNUAL DATA 1984	ANNUAL DATA 1985
SEATTLE-EVERETT, WASH.*	2,980	3,790	4,270	4,530	3,460	3,600	14,110	16,050	15,200
% change vs. previous year	34.2	39.9	8.2	8.9	18.1	(5.0)	63.9	13.7	(5.3)
Single family	1,640	2,040	2,350	1,850	1,480	1,800	6,020	7,720	7,200
% change vs. previous year	30.2	15.3	(7.8)	(18.2)	(9.8)	(11.8)	99.0	(3.7)	(6.7)
TUCSON, ARIZ.*	2,300	3,900	4,000	2,900	2,400	2,400	12,100	13,200	9,900
% change vs. previous year	76.9	16.4	29.0	(13.4)	4.3	(38.5)	93.6	9.1	(25.0)
Single family	700	900	700	800	900	900	3,600	3,300	3,300
% change vs. previous year	—	(5.3)	(36.4)	(5.9)	28.6	—	60.0	(8.3)	—
VALLEJO-FAIRFIELD, CALIF.*	350	500	900	600	600	750	2,150	2,600	3,000
% change vs. previous year	(44.0)	—	—	50.0	71.4	50.0	22.2	20.9	15.4
Single family	300	350	600	400	400	500	1,800	1,750	2,000
% change vs. previous year	—	—	(25.0)	14.3	33.3	42.9	63.6	(2.8)	14.3
WEST TOTAL	74,506	87,194	99,801	84,210	67,614	74,320	302,125	338,819	303,806
% change vs. previous year	56.5	53.5	13.7	1.1	(9.3)	(14.8)	90.4	12.1	(10.3)
Single family	38,924	43,626	48,544	39,134	34,596	34,506	168,429	165,900	160,418
% change vs. previous year	41.7	34.9	(8.4)	(11.5)	(11.1)	(9.4)	88.7	(1.5)	(3.3)

Parentheses denote % decrease
*Denotes Standard Metropolitan Statistical Area
Source: NAHB, from local reporting authorities

Alexander sets grand reopening

(Continued from page 3)

lend themselves to being remodeled into home center outlets, the company seems happy with its stance in small town America, which developed over the years since it was founded in 1891.

The company has no plans to move into cities larger than Joliet, where it opened a 12,000-sq.-ft. unit in June 1983. The city has a population of 78,000, and a metropolitan population of 381,000 making it the 110th largest metropolitan area in the country, according to Sales and Marketing Management's 1984 Survey of Buying Power.

Managed by 30-year Alexander Lumber veteran Ron Migliorini, the Joliet store has a mezzanine balcony with kitchen cabinet displays, a feature the company may include in its future stores if consumers respond to it in Joliet.

While the company is looking to lend more of a balance to its consumer-contractor business mix, it does not intend to pursue a vigorous expansion policy or increase its volume beyond what Agee called "the normal increase with inflation."

Agee added that his company was "looking at acquisitions continuously," but that the company would keep more or less the same number of total units in its mix, in order to avoid having to increase the extent of its current personnel structure, including its arrangement of regional managers.

Agee expected company volume to increase by some 25% to 35% over the next five years, which would put the chain in the range of $63 million to $69 million.

"Business was considerably better" three years ago, in the contractor end of things, noted Agee, in explaining why the company did not get started on its program at that time. "Our emphasis at that time was on taking care of business, with the idea of doing renovations and upgrading later on."

Today, added Agee, "more and more people are attuned to tackling do-it-yourself projects. There is more literature available, books and television programs. There's more education going on for the consumer."

GOOD VALUE.

JX-7® wood windows and patio doors give you name brand quality at significantly lower cost. That's good value and good business. You can sell JX-7 styling and energy efficiency and take a higher profit margin. Or, you can pass the cost savings on and use the lower prices to be more competitive and increase your volume. And JX-7 products are nationally distributed but regionally produced so you can be sure of continued availability and fast delivery, even in boom times.

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MERCHANDISING

Security Hardware

Consumers' crime fears spur high-end lockset sales

Dealers report they are finding an expanding market for higher-end locks and deadbolts as consumer's fears about crime lead them to purchase better quality merchandise.

Home center retailers note, however, that this product category continues to generate high turns, big volume and profitable margins, because it still is dominated by promotional merchandise manufactured overseas for domestic vendors and private labeled for chains.

Last year, the residential lockset market grew 12% to an estimated $400 million, of which two-fifths of all sales came through home centers, according to David Brunelle, marketing vp for Dexter Lock in Auburn, Ala., one of a slew of suppliers that include Moss Mfg., Schlage, Kwikset, Weiser, Weslock and National, which cater to the DIY market.

Several chains, including Builders Emporium, Ernst Home Centers and the independent Stripling Blake, realized sales gains in their lock program last year of between 20% and 50%. Other companies, including Payless Cashways, Mr. HOW Warehouse and O'Malley Lumber reported strong, though more modest, increases. These dealers expect equally strong growth rates in 1985, at margins that range from 40% to 45%.

(Continued on page 44)

Home centers have seen high-end security hardware sales rise as a result of consumers' concerns over crime. The Home Depot has used a full-page ad promoting "Peace of Mind" as part of its security hardware advertising strategy. Shown above are shoppers in the lockset section of Home Depot's Orlando, Fla., store.

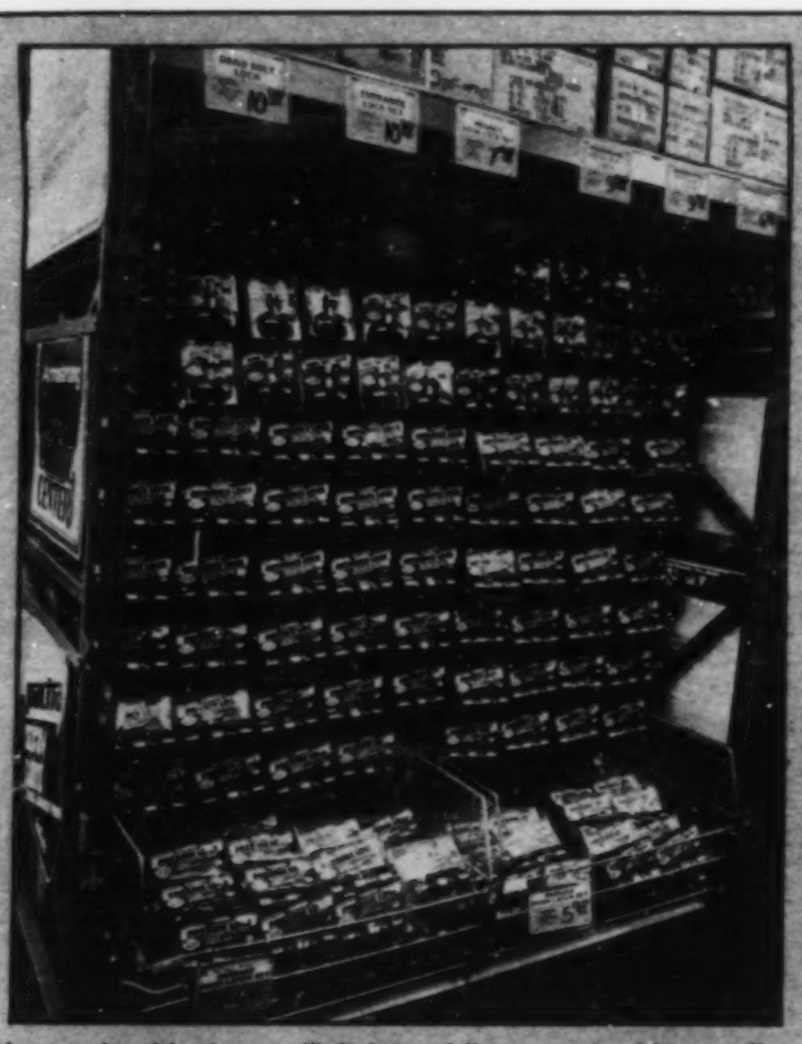
NHCN photo

Retail values of DIY and professional segment of residential security market
(Summer 1983)

DIY segment (Price paid)	No. of security equipped households	% of security equipped households	Median retail price	Retail value (in mil.)	% of total retail security market
Less than $50	480,000	9.0%	$ 25	$ 12.0	0.2%
$50-$100	370,000	6.9	75	27.8	0.4
$100-$200	190,000	3.6	150	28.5	0.4
$200-$400	740,000	13.8	300	222.0	3.1
DIY Total	1,780,000	33.3%		$ 290.3	4.1%
Professionally installed (Price paid)	**No. of security equipped households**	**% of security equipped households**	**Median retail price**	**Retail value (in mil.)**	**% of total retail security market**
$400-$750	370,000	6.9%	$ 575	$ 212.8	3.0%
$750-$1,250	660,000	12.4	1,000	660.0	9.2
$1,250-$2,000	1,630,000	19.3	1,625	1,673.0	23.4
$2,000-$3,000	1,130,000	21.2	2,500	2,825.0	39.5
$3,000-$5,000	370,000	6.9	4,000	1,480.0	20.8
Total Professional	3,560,000	66.7%		$6,851.0	95.9%
Total retail	5,340,000	100.0%		$7,141.9	100.0%

Source: Frost & Sullivan: The Residential Security Market in the United States (market research report on electronic and battery-operated security devices); NHCN chart

MERCHANDISING



Low-priced locksets, like these blister-packed items displayed at a Bowater store—now Home Depot—sold well in 1984 and look to have good turns in 1985. NHCN photo

The nation's home centers account for 40% of the replacement lockset market, according to some manufacturers. Shown here are a variety of locksets displayed at Rickel, Staten Island, N.Y. NHCN photo

Fear of crime sparks high-end lockset sales

(Continued from page 39)

These burgeoning sales have been driven, in part, by more active efforts by law enforcement and government officials to publicize the need for the public to protect itself against crime.

In several regions, state and local building codes have been stiffened to require better security hardware on doors and windows of new homes, apartments, and multifamily dwellings. Insurance companies are regularly offering discounts on home coverage premiums if certain types of replacement locks and security devices are installed. And local police in some municipalities are using the electronic and print media to encourage good home security habits.

The need for increased awareness of home security is exemplified by the fact that although locking one's doors and windows is the commonest form of home security people practice, two-thirds of all residential burglaries occur when people leave entrances unlocked.

Some 2.5 million residential burglaries took place in 1983 alone, accounting for 21% of all property thefts, according to the F.B.I.

"Our best-selling lockset item matches Austin's city code which specifies a 1-in. diameter deadbolt with cold roll steel insert, that is hacksaw-proof," said Richard Cole, a buyer for Stripling Blake in Austin, Tex.

This single store operation carries 150 stock keeping units of locksets, priced between $12 and $45, with $20 being the average purchase. This merchandise is stocked in a decorative hardware department that was expanded last year at a cost of $80,000, and which saw its sales rise 27% in 1984.

Another chain that has witnessed surprising sales of higher-end locks and deadbolts is the 21-unit O'Malley chain in Phoenix. Along with its low-end promotional lines, whose sales have grown steadily, O'Malley also sells locksets retailing for $30 to $50, which are moving at a pace of 12 to 20 units

(Continued on page 45)

THREE WAYS

They're all part of the Schlage Great Spring Hardware Promotion. And they're all designed to move products off your racks. And put profits into your pocket. To help you sell out faster, we're supporting the promotion with eye-catching displays. So read on and find out how Schlage can help you rack up the sales.

1 FREE CRIME STOPPER.

It's valued at $7.95! And Schlage will send this security device to your customers absolutely free when they buy any Schlage keyed lock.* The Night Eye™ helps prevent crime by automatically turning outdoor or indoor lights on at dark and off at dawn. And it screws right into standard light sockets.

*One Night Eye™ per customer.

2 $25,000 GIVEAWAY.

Every customer in your store is eligible to enter Schlage's big $25,000 DIY Giveaway. Schlage will send each of 500 winners a $50 gift certificate, redeemable for any merchandise in your store.

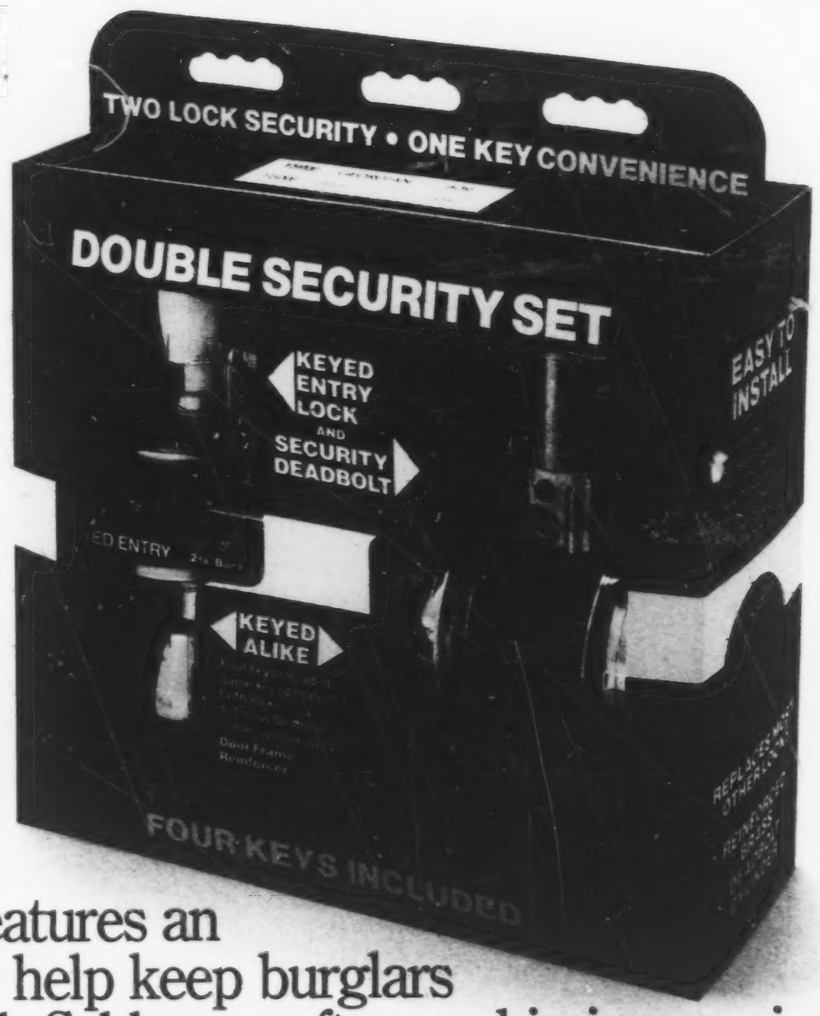
The Schlage/NRHA consumer advertising campaign is designed to give your sales an even bigger push. The campaign will be seen in April *Better Homes and Gardens, Home Mechanix, Family Handyman* magazines, and on Network and Cable Television.

Kwikset and Yale locksets on display at Pergament's Norwalk, Conn., store: The Kwikset display has several styles merchandised to show how the locks work and how they are installed. To the left is a smaller Yale display. NHCN photo

Last year, the residential lockset market grew 12% to an estimated $400 million, of which two-fifths came through home centers. Several chains realized sales gain in their lock programs of between 20% and 50%. Forest City's selection of security hardware is shown here at one of its Chicago units. NHCN photo

TO SELL OUT.

3 SPECIAL TRADE DISCOUNT.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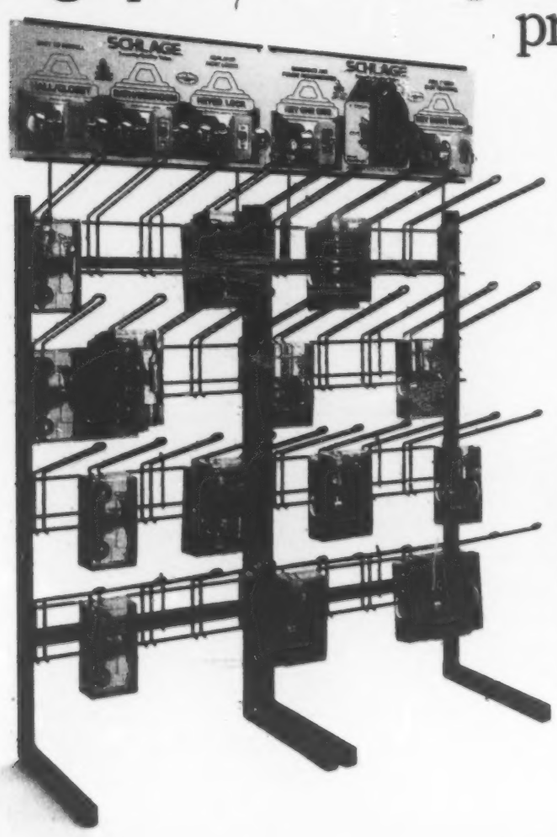
EASY TO INSTALL
FOUR KEYS INCLUDED

Enjoy this special limited-time discount on Schlage's new Double Security Set, complete with keyed lock and deadbolt. To help you promote the Double Security Set, Schlage offers a special 100% Co-Op Program, and a merchandising kit with point-of-sale materials.

Schlage has been manufacturing high quality locks for over 60 years. Our deadbolt features an exclusive strike plate reinforcer to help keep burglars from kicking it in. But even though Schlage craftsmanship is superior, Schlage prices are competitive. And our comprehensive advertising program helps to build customer traffic throughout the year.



Call your Distributor or Schlage Representative today. And ask how you can take part in the Great Spring Hardware Promotion.

It's a great way to sell out.

SCHLAGE

Part of worldwide Ingersoll-Rand

High-end lock sales increase linked to crime

(Continued from page 44)

per store per week, compared to four or five per week a year ago, according to the company's general merchandise manager Steve Elliott, who could give no definitive explanation for this sudden customer preference.

One component of this consumer trend toward the higher end, as revealed in the Frost & Sullivan study, is that price plays a much less significant role in a consumer's buying decisions than do a product's "reliability."

Home Depot stressed that psychological approach in an ad last spring that blared "Peace of Mind" and displayed a wide variety of security hardware including locks. The prices were "warehouse"—Moss locksets, $3.14; Weiser single cylinder, $11.75.

Indeed, other companies not professing to be that strong at the high end, like Builders Emporium, enjoyed robust lockset sales in 1984. The 62-unit chain, based in Irvine, Calif., saw its volume in locksets grow by 50% in 1984. The chain currently stocks this merchandise on a 48-ft. gondola run, and sells locks and deadbolts at prices ranging from $6.99 to $19.99.

A similar sale pattern has emerged at Ernst Home Centers, based in Seattle. The 68-unit chain saw its security lock sales rise from 20% to 30%, according to a company spokesman.

Those companies located in rural markets, however, did not experience the same kinds of sales growth in this product category as the rest of the industry. Chains contacted by *NHCN*, including The Paty Co. in Piney Flats, Tenn., and Lampert Lumber, based in St. Paul, Minn., but with stores in many rural Midwestern markets, had only marginal volume gains.

Lack of demand could be one explanation for this, as the crime rates in rural areas are considerably lower than in urban and suburban districts. The Frost & Sullivan study notes that the burglary rate for rural areas is 79 per 10,000 households, compared with 186 per 10,000 in cities and 121 per 10,000 in the suburbs.

ADVERTISING & MARKETING

• Ad Angles—page 56

Television becomes scene of battle for market share

NATIONAL REPORT — The Television Bureau of Advertising's (TVB) vice president of local sales, Bob Baker, said earlier last year that as more home centers compete with each other in any given market, and the industry itself begins to mature, the resulting battle for market share will be fought more and more on television.

According to New York-based TVB's most recent figures listing the leading television home center advertisers over the first three quarters of 1984, Baker's prediction is coming true.

There was a 35% spending jump to almost $21 million, with every home center chain on the list now spending over half a million dollars during the first three quarters of 1984.

In addition, a third warehouse chain—Homecrafters—has entered the list of home center big spenders, while Wickes Lumber spent almost 1,000% more on TV ads, West Building Supply over 800% more and Edward Hines Lumber joined the TVB list for the first time.

Although Wickes' vice president of advertising, Michael Sitrick, would not comment on the expenditure figures of either Wickes Lumber or Builders Emporium (which were down), he did add that both chains adopted a "more aggressive stance" in 1984. "We are going for quality more than quantity now," he added.

Wickes hasn't been the only chain going through changes, which were reflected in advertising expenditures, last year. Atlanta-based West Building Materials started adopting increased centralization, merchandising and advertising changes in 1984 (*NHCN*, Aug. 27, 1984). Although no one at West would comment on the expenditure increases, they could be attributed to these changes.

Chicago-based Edward Hines Lumber joined the list for the first time in 1984, and here, although no one at the company would comment on the change, the increased competition in Chicago is possibly behind the expenditure growth.

As an example of what is happening in Chicago, Forest City added warehouse stores backed up by heavy TV advertising during the spring and summer. Handy Andy began advertising on TV for the first time in 1984's first half. Courtesy started putting on institutional ads, while Builders Square entered the Chicago market during 1984's fourth quarter.

Increased competition in the Florida and Washington, D.C. markets in 1984 also may account for Scotty's and Hechinger's increased ad expenditures last year.

Although by Wickes and West's standards the increases are not spectacular, Scotty's spending increased over 50% and Hechinger's by 79% during the first three quarters of last year.

The Home Depot seems to have established itself near the top in TVB's last couple of quarterly ad expenditure announcements; and, the other two warehouse chains that are now among the leading home center TV advertisers showed sharp increases in ad spending during the first three quarters of 1984.

Pelham, Ala.-based Homecrafters had a 390% expenditure increase in Memphis and Denver, and Builders Square (formerly Home Centers of America) showed a 220% increase in San Antonio.

Homecrafters' increased expenditures may reflect growth in store count. It did not open its first warehouse store in Memphis until November 1983, and had five warehouse stores by September 1984. However, Home Centers of America maintained four stores in San Antonio throughout 1984.

TVB compiles its list from ad expenditures figures supplied by Broadcast Advertisers Reports (BAR), which monitors the top 75 TV markets on a 1-in-4 week basis. This means that expenditure figures can be off the mark, if any major TV ad campaign was made within a three-week period when BAR was not monitoring that market. Also, the figures do not include co-op ad dollars, which are credited to manufacturers.

TV advertising expenditures 1st 9 months of 1984

Chain	Market	Expenditures Jan./Sept. '83	Expenditures Jan./Sept. '84	% Change
Payless Cashways	Multimkt.	$ 3,727,500	$ 4,179,500	+ 12.0%
Payless Cashways	Multimkt.	1,866,200	2,076,700	+ 0.8
Furrows	Multimkt.	1,387,800	1,523,200	+ 9.8
Lumberjack	Fresno, Sacramento	473,500	579,600	+ 22.4
Sutherland Lumber	Multimkt.	1,866,200	2,060,700	+ 10.4
Wickes	Multimkt.	1,892,500	1,872,200	– 1.0
Builders Emporium	Los Angeles	1,842,100	1,325,700	– 28.0
Wickes Lumber	Multimkt.	50,400	546,500	+984.3
Home Depot	Multimkt.	1,274,700	1,723,200	+ 35.2
National Lumber	Los Angeles	1,179,300	1,426,000	+ 20.9
Lowe's	Multimkt.	1,033,000	1,398,400	+ 35.4
Scotty's	Multimkt.	887,000	1,335,800	+ 50.6
Hechinger Lumber	Multimkt.	591,400	1,056,100	+ 78.6
Plywood Minnesota	Multimkt.	930,700	939,800	+ 1.0
Builders Square/ Home Centers of America	San Antonio	245,800	798,500	+224.9
Ole's Home Centers	Los Angeles	390,800	650,700	+ 66.5
Mr. Goodbuys	Baltimore, Philadelphia	531,200	621,100	+ 16.9
Menard Cashway	Multimkt.	449,300	605,700	+ 34.8
Edward Hines Lumber	Chicago	0	597,000	—
Scotts Lumber & Garden	Multimkt.	338,900	583,600	+ 72.2
Homecrafters	Denver, Memphis	113,700	557,700	+390.5
West Building Materials	Multimkt.	56,000	523,200	+834.3
Total for top spenders		$15,508,000	$20,929,200	+ 34.9%

Source: Television Bureau of Advertising, Broadcast Advertisers Reports; *NHCN* chart

Spending by the leading home center chain television advertisers jumped 35% to nearly $21 million during the first three quarters of 1984.

Home centers capitalize on insulation vendors' promos

NATIONAL REPORT — Home center retailers report 50% increases in insulation sales and gains in store traffic and total sales following fall promotions by the top three insulation manufacturers.

Owens-Corning, CertainTeed and Manville are about to launch their winter and spring promotions, just as the promotional fervor of the fall was abating.

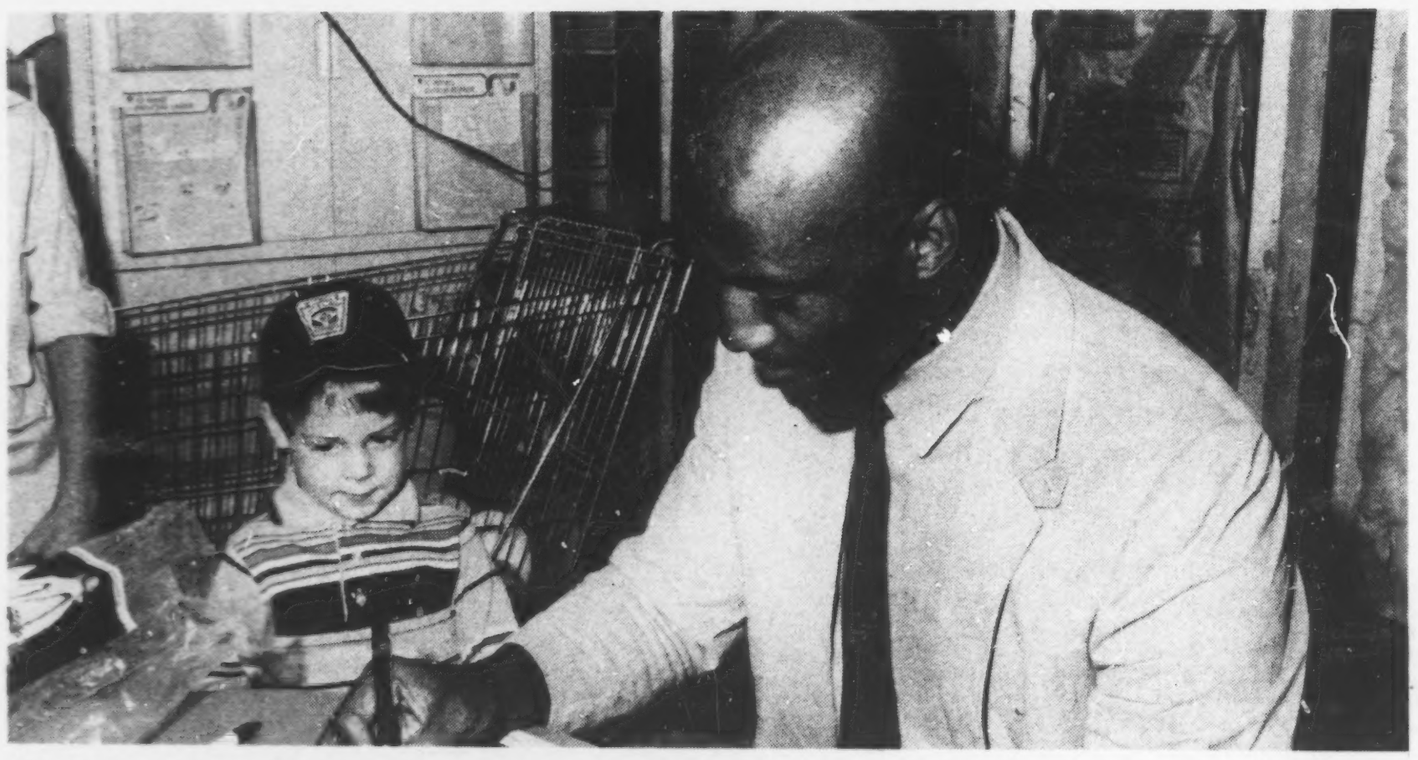
One of the reasons for this renewed onslaught of network television advertising is a trend by retailers away from stocking many brands of insulation to just carrying one brand, as former supply problems are erased.

This trend, discovered in the Brands Study conducted by *National Home Center News* last summer, was confirmed by numerous recent telephone interviews with dealers, who are the beneficiaries of the competition among manufacturers.

For example, the average customer purchase of insulation is a substantial $292, according to Owens-Corning's research, and an additional $406 is spent on other items, so insulation promotions build total sales.

"Our fall insulation sales were up 50% this year and we look for further increases in the spring," said Jack Segrave, insulation buyer with 25-unit Edward Hines Lumber in Chicago.

"October was a record month for insulation sales. We met our corporate plan and exceeded it," echoed Greg Wessling, merchandising vp at Lowe's, the 243-unit chain based in North Wilkesboro. "In 1984 we held truckload sales in every region."



Pittsburgh Steeler Mel Blount autographs photos at a Busy Beaver store during an insulation manufacturer's NFL jacket give-away promotion last fall.

The new round of promotions are set to begin next month. Manville will open its promotion on Feb. 8, changing from its former cash rebate policy to giveaways. Customers purchasing a minimum of 10 rolls of Manville Gold insulation will qualify for a Party Time cooler.

Owens-Corning will switch to giving away Polaroid cameras in February to customers purchasing 10 rolls of any kind of insulation, following its successful NFL promotion when it gave away over 135,000 football jackets.

CertainTeed, however, will remain with its "Buck a Bundle" rebate on each roll of insulation purchased. "We think cash is preferred by people," said Tom Newton, CertainTeed's manager of marketing communications.

CertainTeed, Owens-Corning and Manville paid 100% of retailers' print advertising costs during the fall promotion, compared with normal co-op payments of 60%, with a limit set at 2% of the value of insulation bought by the retailer.

Certain home centers boosted insulation sales still further with in-store appearances by sports personalities. Grossman's in Milwaukee, Somerville Lumber in Boston and Busy Beaver in Pittsburgh had National Football League players visiting their stores to autograph photos and footballs as part of Owens-Corning's NFL jacket giveaway.

Pittsburg Steelers Mel Blount and Ray Mansfield as well as Don Cockcroft of the Cleveland Browns visited three Busy Beaver stores.

"It was a positive promotion with insulation sales boosted by 40%-50%," said Mark McCully, advertising manager for Busy Beaver.

"Sales during the promotion weren't just limited to insulation," said Jan Svach, assistant manager of the Beaver Valley Mall store. "On the morning of Mel Blount's appearance our total sales were 33% over a normal Saturday."

Retailers made the most of national TV advertising by the vendors. "We tied in local store promotions with free coffee and doughnuts, and maybe a clinic," said Bill Hensler, merchandising vp at Wickes Lumber, Vernon Hills, Ill.

Home center retailers used a variety of tools, provided by the vendors, to draw customers into their stores. Both CertainTeed and Owens-Corning provide ad slicks, radio scripts and step-by-step directions for holding truckload sales.

Vendors also offer incentives or "spivs" to retailers and distributors during promotions. Store employees, showing a color photo of a display of Manville insulation can enter a drawing for a Plymouth Voyager mini van, valued at $13,000.

Palmer G. Lewis, the wholesale distributor on the West Coast, offered retailers a Pendleton NFL blanket for each half truckload of insulation purchased, and sold 31 truckloads as a result of the promotion.

The question remains, however, whether the insulation market is becoming saturated in certain sections of the country. "Insulation sales are slowing in our area," said George McPeak, building materials manager with the Estate of George Snyder in Pennsylvania. "In the past it would take two hours to sell a truckload," he said. "Now it takes the rest of the day to sell the balance."

One solution lies in the development of new products like Owens-Corning's attic blanket, which was promoted in a "Pink and Pancake breakfast" recently conducted at Birmingham Lumber, a unit of Erb Lumber.

Store manager, Bill Peddicord served 160 customers with pancakes, sausage and hot coffee. "We sold 112 rolls of Attic Blanket in one day and more than 200 customers attended the workshops," Peddicord said.

Jeans Mfrs.

(Continued from page 13)

round of store/merchandise upgrading and at discounters' share of the jeans retail business before deciding to join the program, explained Gary Finkel, president of the company's recently formed new brands division.

It found 25% of all men's jeans' retail sales was done by discount stores. In addition, it was enthusiastic about the upscale image of the Reed st. James label.

To follow the Reed st. James licensed program, the Levi line, which will first be shown at the March men's wear show in Los Angeles, will be neither sharply priced nor exceptionally daring on the fashion side.

"It's a question of trade-up," he said of the retail pricing due for the collection, which he explained will be positioned at the top price level for most discounters.

On the fashion side, Finkel said the line will offer both basic and key fashion cuts in corduroy, twills and sheeting as well as denim fabrications. But he also said the target customer for the Levi line, like for other Reed st. James offerings, is older than the fashion-conscious young men's customer (aged 14 to 24). "We're targeting the 20-44-year-old, moving with the [national] rise in average age and focusing on that shopper's life style," Finkel explained.

New Moves

So far, discounters including Bradlees, Venture, Gemco, Clover and Richway have taken on part of the Reed st. James program, using it to make a coordinated presentation in dress-up coordinates. But, some of those chains and other discounters have more options including established private label programs, to address a more casual side.

For their part, buyers' initial reactions to Reed st. James was that they're still item shoppers: Few say they will take on a new brand and higher price points solely to create an upgraded image.

In ladies' and juniors' wear the idea of fashion seems to play a more important role than in men's. Price however, is still a major factor, reports one buyer with price lids in ladies' jeans at $19.99.

Wrangler's ladies' wear division's new strategy is to jump on new trends in bottoms and introduce its version as soon as possible—often between seasons instead of waiting for traditional buy-in periods, said Jack Watson, president of Wrangler ladies' wear.

Late last year, for example, the company shipped a new tropical print screened denim pants to both Blomingdale's and Bradlees. The pants retailed at $30 to $35 at both chains, giving the retailers margins in the 50% area, he said.

Although Watson admits the rest of the discount store industry is being more cautious than Bradlees on ordering the new trendier styles, he sees Bradlees as a "hallmark chain," setting the future direction for other discount chains.

But, with many chain buyers still capping price points in jeans at $20, ladies' bottoms buyers may opt for fashion-forward and sharper-priced programs from well-entrenched mass market brands including Gitano and Bon Jour, which also offer 40% to 50% margins.

Women's Jeans Buyers More Apt to Add SKU's

More women's jeans buyers are likely to add sku's this year than men's or children's jeans buyers, a recent *Discount Store News* survey revealed.

Responses from buyers and merchandise managers from 37 of the top 75 full-line chains revealed that although in each category a majority of buyers won't add jeans sku's, more women's jeans buyers are "very likely" to add jeans than buyers in the other two categories.

Over 34% of the ladies' wear buyers responding said they are "extremely likely or very likely" to add sku's compared with only 21% in men's and 28.6% in children's.

The highest percentage of buyers answering "not at all likely" to add jeans sku's came in children's wear where almost 57% answered negatively.

The survey further showed that jeans are seen primarily as a traffic draw in men's more often than in the other two categories.

Which of the following jeans are carried in your store?

Brand	Men's	Women's	Children's
Wrangler/Rustler	85.7%	68.6%	66.6%
Lee	89.3	88.6	95.2
Private Label	21.4	20.0	19.0
P.S. Gitano	*	62.6	23.8
Levi's	46.4	42.9	28.6
Bon Jour	*	20.0	*
Jordache	21.4	28.6	19.0
Sasson	*	20.0	—
Long Haul	10.7	*	*
Jou Jou	*	2.9	—
Calvin Klein	3.6	31.4	—
Gloria Vanderbilt	*	31.4	—

—Not stocked. * No line for that department. Source: DSN survey.

What is your primary reason for stocking jeans?

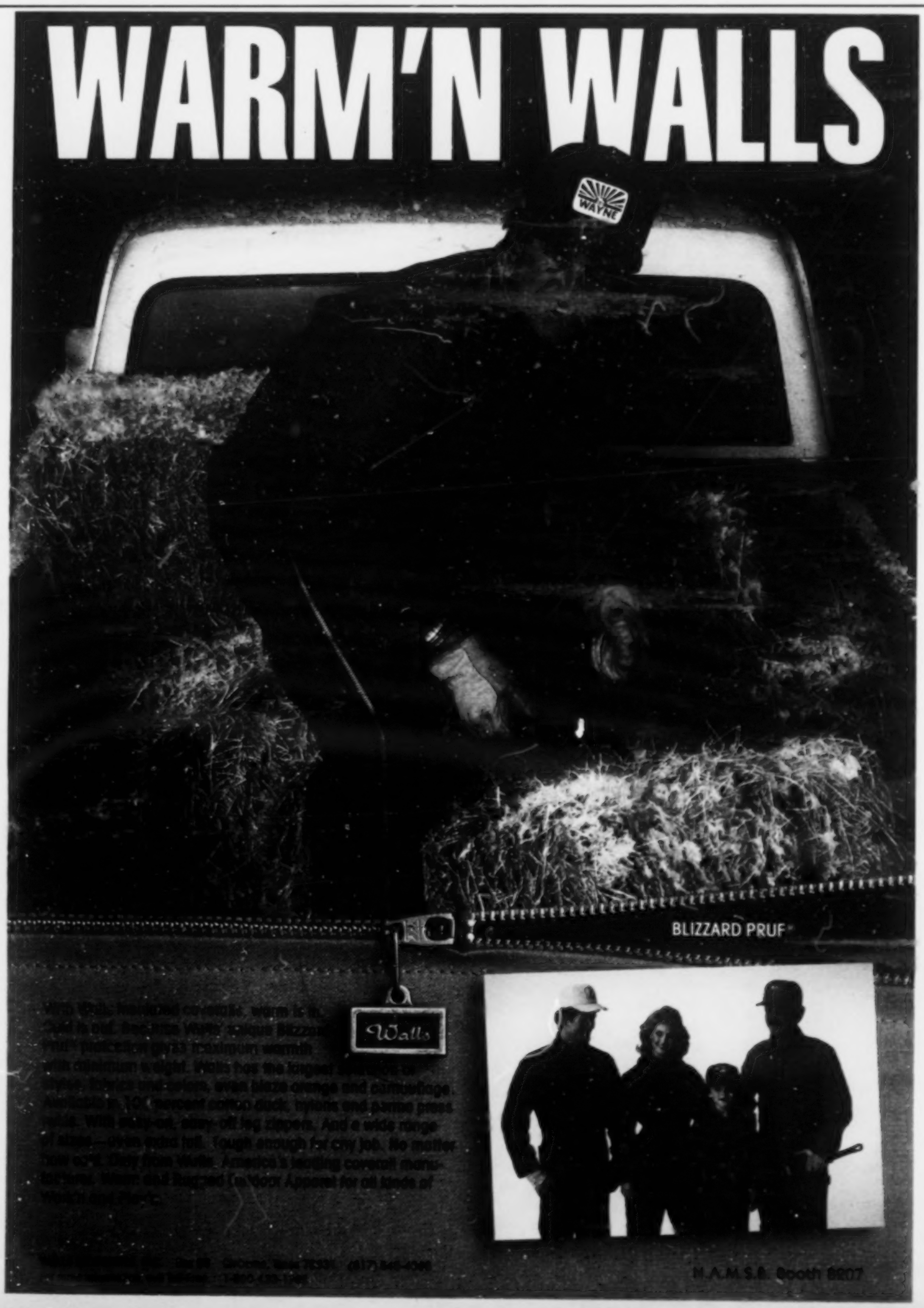
Primary Reason	Men's	Women's	Children's
Gross Margin	3.6%	2.9%	4.8%
Attract Traffic	57.1	42.6	52.4
Both Equally Important	39.3	54.3	42.9

Source: DSN survey.

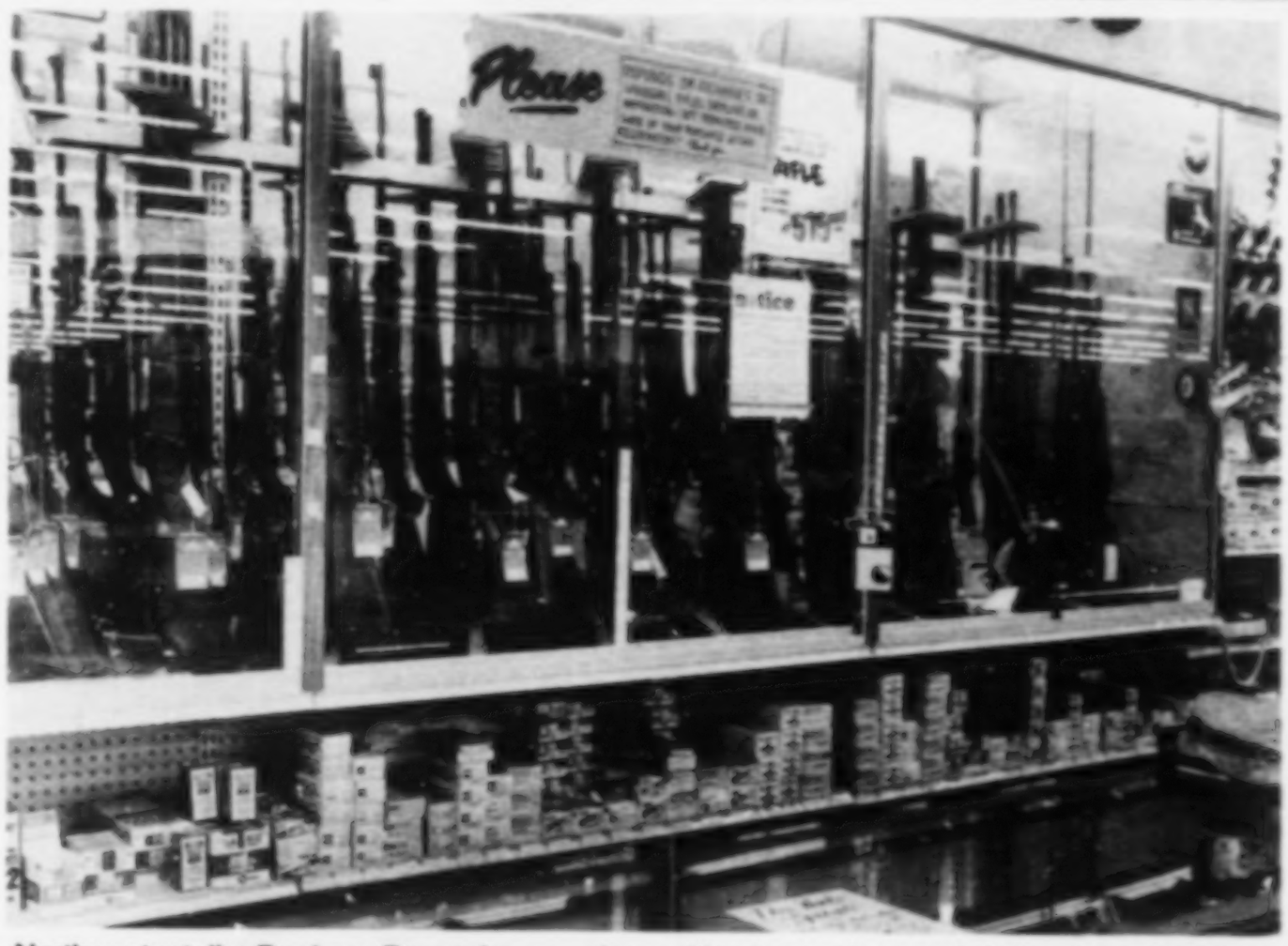
Will your store increase its sku's in the jeans category?

Response	Men's	Women's	Children's
Very Likely	21.4%	34.3%	28.6%
Somewhat Likely	25.0	25.7	14.3
Not At All Likely	53.6	40.0	56.9

Source: DSN survey.



SPORTING GOODS SHOW



Northwest retailer Pay Less Drug takes a major position in sporting goods in its stores, including stocking rifles, handguns and ammunition. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FISHING			
1	Keeper Bait Fish Formula	60,000	7.99	479,400
2	South Bend Fishing Asst	18,000	9.99	179,820
3	Zebco 202 & 4020 SC Combo—1245	14,500	10.99	159,355
4	South Bend Poly Spin Combo—C730/2345	4,700	28.99	156,546
5	Zebco 404 & 4040 SC Combo—1545	9,800	14.99	146,902
6	Daiwa Mini Cast System—MC238	3,600	25.99	93,564
7	South Bend Boron Rods—9000	2,200	39.99	87,978
8	South Bend Graphite Rods—6000	3,700	19.99	73,963
9	Garcia King Fisher Spin Combo—43/2250Z	3,650	17.99	65,664
10	Plano 3 Tray Tackle Box—6303	5,400	11.99	64,746
	ATHLETIC & HUNTING ACCESSORIES			
1	Crosman Powermaster BB/Pellet Gun—760	1,900	32.99	62,681
2	Indian Trophy Cam Bow—A255	495	114.95	56,900
3	Tasco 7X35 Wide Angle Binoculars—2001	1,280	42.99	55,027
4	Camo Stool w/Game Bag—FS6	3,840	13.99	53,722
5	Outers Gun Cleaning Kits—477/8/9	6,350	6.99	44,387
6	Camo T-Shirts—29510	6,800	5.99	40,732
7	E-Z Mount Gun Rack—100	4,600	6.99	32,154
8	Vichek Shot Gun Shell Box—5254	2,650	11.99	31,774
9	Tonka Toaster—SSL55	4,240	6.99	29,638
10	Wilson Mark Aguirre Basketball—B1325	1,640	17.99	29,504
	FIREARMS			
1	Remington 12ga Auto Shotgun—5336	1,140	399.99	455,989
2	Winchester 12ga Pump Shotgun—G120385R	2,900	149.99	434,971
3	Ruger 22cal Auto Carbine—10/22RB	3,355	115.99	389,146
4	Marlin Lever Action Center Fire Rifle—336CS	1,600	216.99	347,184
5	H&R Single Shot Shotgun—088	5,400	59.99	323,946

Source: Figures, supplied by Maurice Sporting Goods, Chicago, cover the fourth quarter of 1984. Maurice distributes to 31,000 stores, 72% of them discount stores, in 36 states. Prices reflect average price points of discount clients.

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THE BIG SHOW OF GENERAL MERCHANDISE

Stocks Low After Yule Sell-through

By FRANK J. KATLIN
Executive vice president, Maurice Sporting Goods

A strong Christmas selling season has the sporting goods industry optimistic for a successful 1985.

While many retailers approached last fall with extreme caution, the excellent Christmas selling period has reduced inventory levels to allow an aggressive approach for 1985.

The fall hunting and firearms business was strong, although manufacturers had some difficulty meeting the retail demand.

As a result, highly promotional guns and ammunition were not available at key periods during the fall. The Marlin 60S was again the leading promotional rifle in 1984. Many retailers advertised it at $79.99 along with the Winchester Ranger Shotgun at $149.99. These were the two leading firearms in 1984.

Physical fitness items remained strong at Christmas for the leading retailers as the trend toward individual exercise continued.

The leading sellers were the Diversified Products Gym Pac, retailing at $249. The Ajay exercise bicycle was popular, retailing at $79.99. Many retailers promoted rowing machines successfully with $99.99 being the most popular price point.

The exercise business, while very competitive among retailers, still remains a leading area of promotion during key selling periods.

Fishing tackle, where promoted, was very strong at retail this past Christmas.

Where retailers featured rods and reels, strong sales resulted. Packaged combinations were featured and did very well in key ads at Service Merchandise, Sears and Richway.

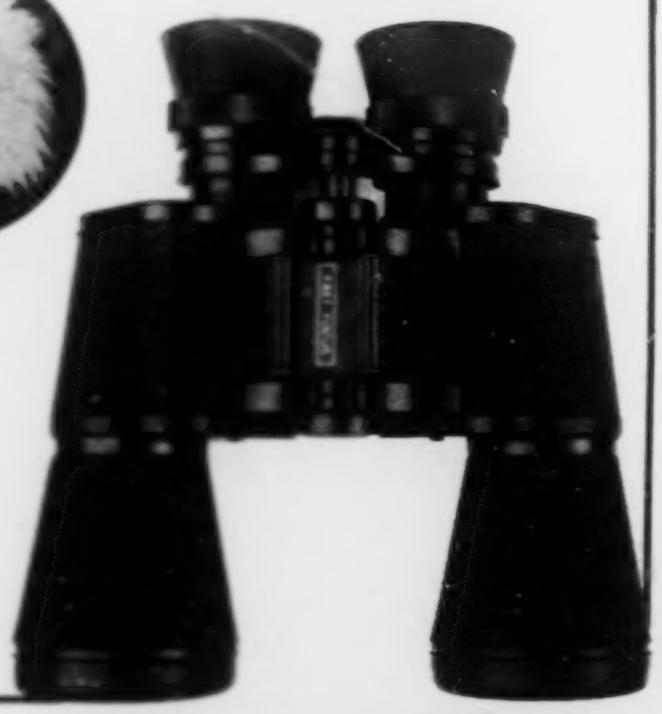
Overall, Christmas concluded a strong year in fishing tackle sales.

Your market for Jason 20/20 binoculars is 100 million glasses wearers!

A Jason breakthrough in computer-designed optics ends frustrating "tunnel vision" for glasses wearers and gives them the chance for normal binocular use.

WITHOUT 20/20s
Glasses wearer sees "tunnel" through regular binoculars.
Up to 50% less brightness.
Up to 50% less field of view.
100% frustration.

WITH 20/20s
Glasses wearer sees perfectly through extended eye relief Jason 20/20 binoculars.
100% brightness.
100% field of view.
0% frustration.



The secret's not in the eyecups. It's in the specially-designed high-quality optical system. Designed for wearers of glasses, sun glasses and shooting glasses. Also adjustable for non-glasses wearers. Three models. A very saleable market is waiting.

Jason 20/20 BINOCULARS

Jason Empire, Inc., 9200 Cody, Overland Park, KS 66214
Information 913-888-0220. Toll-Free Orders 1-800-255-6366.

Top Brass's Salaries Fairly Constant From '83 to '84

NEW YORK — While salaries for top discount store industry management remained fairly constant from 1983 to 1984, executives in chains doing over $750 million won the largest salary increases: average salaries for presidents jumped over 12% in 1984 to $320,280 from $285,000 in 1983.

Chairmen's salaries averaged $418,750 at these chains last year, 30% more than the presidents', and more than double those of chairmen of smaller chains with sales of $150 million to $400 million. That group had an average salary of $174,000 in 1984.

The chairman of a medium-sized chain with sales between $400 million and $750 million earned an average of $247,940 last year.

These figures were reported in the 1983/84 study of "Compensation in Mass Retailing," conducted by the National Mass Retailing Institute (NMRI). The study was based on responses to multipart questionnaires distributed to over 53 companies operating 11,000 discount department stores in the United States and Canada and with collective 1984 sales of about $34 billion.

Predictably, chain size created wide differences in executive compensation beyond the top management ranks.

In the middle-management level, senior distribution executives in large chains earned an average of $94,660, more than twice the average $41,380 their peers earned in smaller chains.

The same held true for senior security executives. In 1984, the average salary for a senior security executive in a small chain was $37,040, less than half the salary of a counterpart in a large chain, who earned an average of $76,600.

However, in areas like operations, merchandising and store management, the larger chains did not always pay the highest salaries.

When average salaries for 1984 were not available in the survey, median salaries were substituted.

Thus, regional managers in medium-sized chains had a median salary of $86,100 in 1984, 44% more than the $59,610 (median salary) earned by a regional manager for a chain with sales over $750 million.

Differences in median salaries for district managers in both sizes of discount chains narrowed considerably. Middle-range salaries for district managers in the medium-sized chains were $47,200 in 1984 as compared to $43,800 in large.

In medium-sized chains, the general or senior merchandise manager, hard lines, was paid an average of $88,400 in 1983, or 5% less than the soft line-fashion senior/general merchandise manager, who earned an average of $93,420.

The opposite is true in large chains, which paid the same-level employee in hard lines an average of $95,740, and in soft lines an average of $86,410, or about 11% less.

Both small and large chains were more generous in handing out bonuses to merchandise personnel than medium-sized chains in 1983.

For example, the general/senior merchandise manager, hard lines, received a $24,300 bonus in a small chain and a $28,200 bonus in a large chain, but only $10,600 in a medium-sized chain.

In some cases, merchandisers in small chains earning lower base salaries than merchandisers in medium-sized chains brought in higher total salaries after bonuses. For example, hard lines buyers in small chains earned an average of $33,710 in 1983, and received $8,110 in bonuses for a total of $41,820. However, hard lines buyers in medium-sized chains earning an average of $37,200 for 1983 received only bonuses of $2,050, for an average total of $39,250.

Store managers in stores having sales over $9 million profited more on straight salary working for smaller chains than larger ones. In 1983, store managers in stores with over $9 million in sales earned average salaries of $40,970 in small chains, $38,600 in medium-sized chains and $36,970 in large chains.

Average Salaries of Senior Management of Discount Dept. Store Chains

Position	Chains Doing $150 Million-$400 Million 1983	1984	Chains Doing $400 Million-$750 Million 1983	1984	Chains Doing Over $750 Million 1983	1984
Chairman of the Board	$163,700	$174,000	$239,000	$247,940	$390,000	$418,750
President	183,920	191,780	205,000	213,000	285,000	320,280
Sr. Administrative Executive	102,400	104,920	128,600	132,460	158,450	171,350
Sr. Merchandising Executive	97,800	105,800	140,200	144,600	186,470	205,240
Sr. Operations Executive	81,600	83,510	118,250	121,400	149,280	171,900
Sr. Financial Executive	63,400	68,000	109,300	112,840	124,100	132,920
Sr. Advertising Executive	52,800	52,800	84,250	87,100	92,600	103,000
Sr. Distribution (Warehouse) Executive	40,020	41,380	75,600	78,370	84,640	94,660

Source: NMRI

Salaries of Merchandising Personnel In Discount Dept. Stores

Position	Chains Doing $400 Million-$750 Million 1983 Average	1984 Median	Chains Doing Over $750 Million 1983 Average	1984 Median
Gen./Senior Mdse. Mgrs.:				
Hard lines	$88,400	$92,660	$95,740	$83,800
Soft line fashion	93,420	97,310	86,410	79,000
Div./Category Mdse. Mgrs.:				
Hard lines	69,400	76,800	61,800	57,200
Soft line fashion	71,220	77,200	63,400	60,580
Soft line basics	67,310	68,840	57,680	60,300
Buyers:				
Hard lines	37,200	37,600	40,280	40,100
Soft line fashion	35,110	37,280	39,700	41,680
Soft line basics	32,600	33,900	38,990	37,400

Source: NMRI

Store Mgrs.' Salaries in Discounters Doing Over $9 Million

Discount Dept. Stores, by Sales	1983 Base	1983 Bonus
Under $150 million	$43,380	$1,400
$150 million-$400 million	40,970	6,680
$400 million-$750 million	38,600	3,000
Over $750 million	36,970	8,400

Source: NMRI

7% Hike Seen In Pro-Level Hiring in '85

NEW YORK — Professional-level hiring in the retail trade is expected to increase an average 7.1% this year over 1984 levels because of continued industrywide store construction, remodeling and expansion, according to Roth Young Personnel Service, a New York-based firm specializing in retail placements.

From employment requests filed by more than 750 discounters, catalogers and off-price chains nationwide, Roth Young also found that overall 1985 retail salaries will top last year's levels by about 9% to 12%, reflecting both increased personnel demand and inflation.

The following are projected United States 1985 median salaries for high-demand positions in the merchandising management and buying categories, based on the employment agency's figures.

Merchandise managers for ladies' ready-to-wear are expected to earn median salaries

(Continued on page 54)

Salaries of Operations Personnel in Discount Dept. Store Chains

Position	Chains Doing $400 Million-$750 Million 1983 Average	1984 Median	Chains Doing Over $750 Million 1983 Average	1984 Median
Regional Mgr.	$83,940	$86,100	$69,960	$59,610
Regional Mdse. Mgr., Hard Lines	34,900	37,800	N/A	N/A
Regional Mdse. Mgr., Soft Lines	52,320	58,200	N/A	N/A
District Mgr.	42,380	47,200	42,410	43,800

NA—Not available.

Source: NMRI

Higher-priced Computers May Find Discountland Home

(Continued from page 3)

"Atari seems to have forgotten it made video games. We were hurt before; what assurances will they give us this time around?"

In addition, if the ST computers are to be successful at mass merchandisers, the company will have to spend a great deal on advertising. Although advertising plans were not announced as of presstime, the slogan "Power Without The Price," which debuted at CES, appears to be the centerpiece.

Clearly, Atari's strategy is centered around price. Its new line—130 ST, 260 ST and 520 ST—ranges in price from $399 to $599 with model numbers referring to the amount of memory. The 130 ST has 128,000 characters of memory; the 520 ST, 528,000 characters.

Bundled with a disk drive and middle-line color monitor, the 130 ST, nicknamed "The Jackintosh," after its creator, will retail for about $800 compared with $1,800 for Apple's Macintosh.

Even though the Atari strategy is aimed at undercutting business leaders Apple and IBM, other chain buyers, particularly discounters, are questioning the viability of selling personal computers.

In light of a "fortune in markdowns" taken by retailers over Christmas, many feel it is, indeed, too great an investment gamble on low-margin items like computers. They also cite problems in servicing a more sophisticated area and point to a possible consumer backlash.

"Our consumer is a lot smarter than we give him credit for. We're looking at second-generation customers now. They're not buying a fad, they know what they want and they have a better understanding. The customers have paid the price for knowledge and they're not about to do it again," said John Dankwardt, buyer at Prange Way.

Several chain buyers feel the more sophisticated customer will opt to buy a higher-end personal computer at a specialty store like Computerland, where the whole store is completely dedicated to computers and its peripherals. Although possibly not as sharply priced as mass merchants, this type of store can offer other advantages including credit plans, a much larger software selection and an important intangible, time with the customer.

Finding both the time to spend with prospective customers and trained salesmen are problems many discount chains must wrestle with. But to many, these and other problems do not appear to be insurmountable.

"I wouldn't bet against Jack Tramiel. He's a fighter and a scrapper. I think a lot of people would like to see him fall on his face, but I wouldn't sell him short," said an executive at a major discount chain.

Zayre's 3rd BJ's Opens in Florida

HIALEAH GARDENS, Fla. — The Zayre Corporation has opened BJ's Wholesale Club here, following BJ's openings in Medford, Mass., and Johnson, R.I., earlier.

BJ's is a wholesale membership club closely modeled after the pioneering Price Club stores.

On hand for the Florida opening were Maurice Segall, president of Zayre Corporation, and Mervyn Weich, BJ's president.

Brochures Win Award For Zayre

FRAMINGHAM, Mass. — Zayre has received the National Easter Seals Society's National Handicapped Awareness Week Award for three brochures on providing service to the handicapped.

The three brochures, "Assisting Blind Persons," "Assisting Deaf Persons" and "Assisting Wheelchair-Bound Persons" were distributed to all store-level associates in the company's 280 stores.

Developed by Zayre's office of consumer and community affairs, they are believed to be the first publications of their kind in the retail industry.

Stanley Berkovitz, vp of consumer and community affairs, said he hopes other retailers will establish similar programs.

C5150-3

TOY FAIR

Section: Pp. 41-75; Supplement: Pp. 41-44D

Discount Store News®

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New Toys: No Feast, But No Famine

Nationwide DSN Report

It's not 1984's gourmet smorgasbord but toy merchants see a few tasty morsels at this year's Toy Fair.

Rebounding from a disappointing Christmas and burdened with heavy inventories, toy buyers, in general, appear a bit gun-shy and will be more conservative in placing early orders this year. In fact, many have already conceded the first quarter as a "wash" but are predicting better days ahead.

Reputed superstar licenses Cabbage Patch, Masters of the Universe, Go-Bots and Transformers all have strengthened lines and buyers are expecting encore performances from each.

Indeed, Cabbage Patch Kids was so successful it virtually wiped out basic doll

(Continued on page 96)

A Field in Transition: Firms Probe At-Home Electronic Retailing

By ARTHUR MARKOWITZ
Special Projects Editor

The still developing at-home electronic retailing field remains in flux as more companies probe the business and current firms seek out new technologies to expand their market.

The latest company to make a major at-home electronic retailing effort is the CompuServe home computer information services arm of H&R Block, which will launch The Electronic Mall videotex shopping service for personal computer users Feb. 25.

It will become the sixth company offering merchandise to consumers shopping at home via home computers or a TV/telephone setup.

Other major companies are poised to enter the electronic retailing and home communications business. American Telephone and Telegraphic Co. at presstime was reportedly planning to launch a joint venture that would also include Time, Chemical Bank and Bank of America. Other companies like IBM and RCA have previously announced similar endeavors.

Other companies that have offered at-home shopping via TV/phone setups are exploring the use of computer software that will enable them to provide their videotex technology services to personal computers.

Viewtron, an operation of the Knight-Ridder Newspapers, is already testing software made by Microstar that will make its TV/phone service available to owners of IBM PC computers. Software to enable IBM PCjr and Apple II owners obtain Viewtron is believed to be under development.

Consumers use Sceptre, an AT&T interactive decoder, to obtain Viewtron on their TV. The same device is used for two

(Continued on page 96)

Nakasone Is Toys "R" Us Stores Prez

ROCHELLE PARK, N.J. — Toys "R" Us, toy supermarket giant, has gone to another supermarket to find the final piece in its upper management puzzle.

Robert C. Nakasone was named president of TRU/USA stores division, a newly created position.

Nakasone was vice president and general manager of the Midwest store division of Jewel Food Stores, a division of the Jewel Companies, a Chicago-based operator of supermarkets and drug stores. Jewel was acquired last year by the American Stores Company.

TRU would not comment on Nakasone's new responsibilities but did note the appointment completed the company's restructuring into six distinct operational divisions, each with its own president or senior vice president. All report to Norman Ricken, president and chief operating officer of TRU.

Over the past year, TRU has brought in several key executives from outside the toy community. Michael Goldstein, senior vice president, finance and administration, was formerly senior vice president, operations and finance at Lerner Stores. Joseph Baczko, international divisional president, was a former ceo of an international arm of Max Factor.

Howard Moore, heading up

(Continued on page 96)

Apparel displays at Bigg's follow style of French parent Euromarche with extensive use of figure forms, price signage, and overhead signs explaining clothing sizes. *(DSN photo)*

True Euro-Style Hypermarket

Bigg's Lives Up to Its Name in Cincy

CINCINNATI — Hypermarket imitations and variants have appeared in this country with some frequency over the past 10 years.

Now the first full-scale hypermarket—in the grand European style, 65,000 sku's of food and general merchandise under one 200,000-sq.-ft. roof—has arrived.

With Bigg's, its four-month-old United States entry, Euromarche, Europe's second-largest hypermarket operator, has hit these shores. Only about three or four of the company's 55 European hypermarkets match Bigg's overall dimensions or 130,000 sq. ft. of selling space, according to Jacques LeFoll, executive vice president of Hyper Shoppes, the American subsidiary that operates Bigg's.

More photos, pp. 66-67, 94A.

Those three or four chalk up annual sales of about $100 million apiece with a $40 million break-even point, LeFoll said. He refused, however, to disclose current or projected sales for the store here.

From mid-October through January general merchandise sales ran about 50% of the new store's total sales, higher than expected, LeFoll said. A shift to a larger dollar share from food was beginning, however, he noted.

In general merchandise, between 35% and 40% of sales is being done in apparel and domestics, and the rest in hard lines, he said. The store carries about 45,000 general merchandise sku's, about half in hard lines, half in soft lines, he said.

(Continued on page 96)

IN BRIEF

- **HERMAN'S WORLD OF** Sports, the nation's leading specialty sporting goods retailer, has spun off its first off-price unit, Total Sports, in Hollywood, Fla.
- **VENTURE HAS ADDED A** new top spot: exec vp, hard lines, to be filled by Marc Balmuth, senior vp, gmm, domestics and juniors, at Macy's. Maxine Clark, exec vp, marketing, will now also head up soft lines.

Digest

Feb. 18, 1985

APPAREL

- **K mart says it will be up-to-date**, fashionwise, for fall '85. (p. 33)

HOUSEWARES

- **Intelligent risk-taking** helps Michael Anthony raise Gold Circle's net. (p. 76)

Index

At the Source	84-86
Catalog Showroom News	19
Classified	92-94
Discounter Management Development Series	91
Editorial	9
Executive Changes	4B
Hardware	29
NMRI President's Corner	9
Tobacco	83

Tight Supplies Caused Yule Ad Dilemma

Most mass retailers found their hands were tied when it came to advertising the most popular toys at Christmas. Buyers could never be 100% certain they'd receive deliveries in enough quantity to support an ad. In fact, most hot licenses were frequently on allotment and were doled out as if they were diamonds, particularly, in the case of the hottest license of them all, Cabbage Patch Kids. No one wanted to issue thousands of rainchecks or have innumerable disgruntled customers on their hands but it was important to maintain a fashion image, which is typified by popular licenses. To circumvent these problems, several chains chose to spotlight Cabbage Patch anyway, however indirectly.

Clover highlighted the Cabbage Patch appeal by offering its sports outfits on sale for $12.99 and licensed totebags for $6.99. Interestingly, the chain also featured Pumpkin dolls, a Cabbage Patch lookalike, for about half the price, at $14.99. The Pumpkin dolls can also wear the Cabbage Patch outfits. Clover was able to create interest in the license without offering the actual doll.

T.G. & Y. wouldn't sell you one but it gave them away. The chain used the doll to lure customers into its stores by offering free doll drawings on the hour. A customer had to register and be present in the store to win.

Target went for a more personal approach and chose not to trade on the Cabbage Patch name at all. The chain featured a Doll Baby kit, which, when sewn together, looks similar to a Cabbage Patch Kid. Like Cabbage Patch Kids, Doll Baby came complete with its own birth certificate. Its complete price, under $12, was quite attractive to the craft enthusiast.

Productivity Jumps May Not Be Repeated

	1974	1979	1980	1981	1982	1983	1984	10-year change	5-year change	'84 vs. '83
Dept. Size (sq. ft.)	2,746	2,646	2,660	2,660	2,650	2,500	2,500	−8.9%	−5.5%	0%
Annual Turns	4.5	3.7	3.8	3.6	3.4	3.2	3.1	−31.1%	−16.2%	−3%
Volume Per Sq. Ft.	$87	$130	$141	$147	$154	$183	$202	+132.1%	55.3%	+10.3%
Initial Markup	33%	33%	36%	35%	33%	35%	36.5%	+10.6%	+10.6%	+4.2%
Gross Margins	28%	26%	29%	28%	26%	28%	28.4%	+1.4%	+9.2%	+7.6%

Source: DSN research

Big gains in toy department productivity the last couple of years cast a rosy glow on the category but the numbers alone can also mask some problems. That's not to say discounters aren't happy with a 10.3% gain in sales per square foot last year on top of an 18.8% jump the year before.

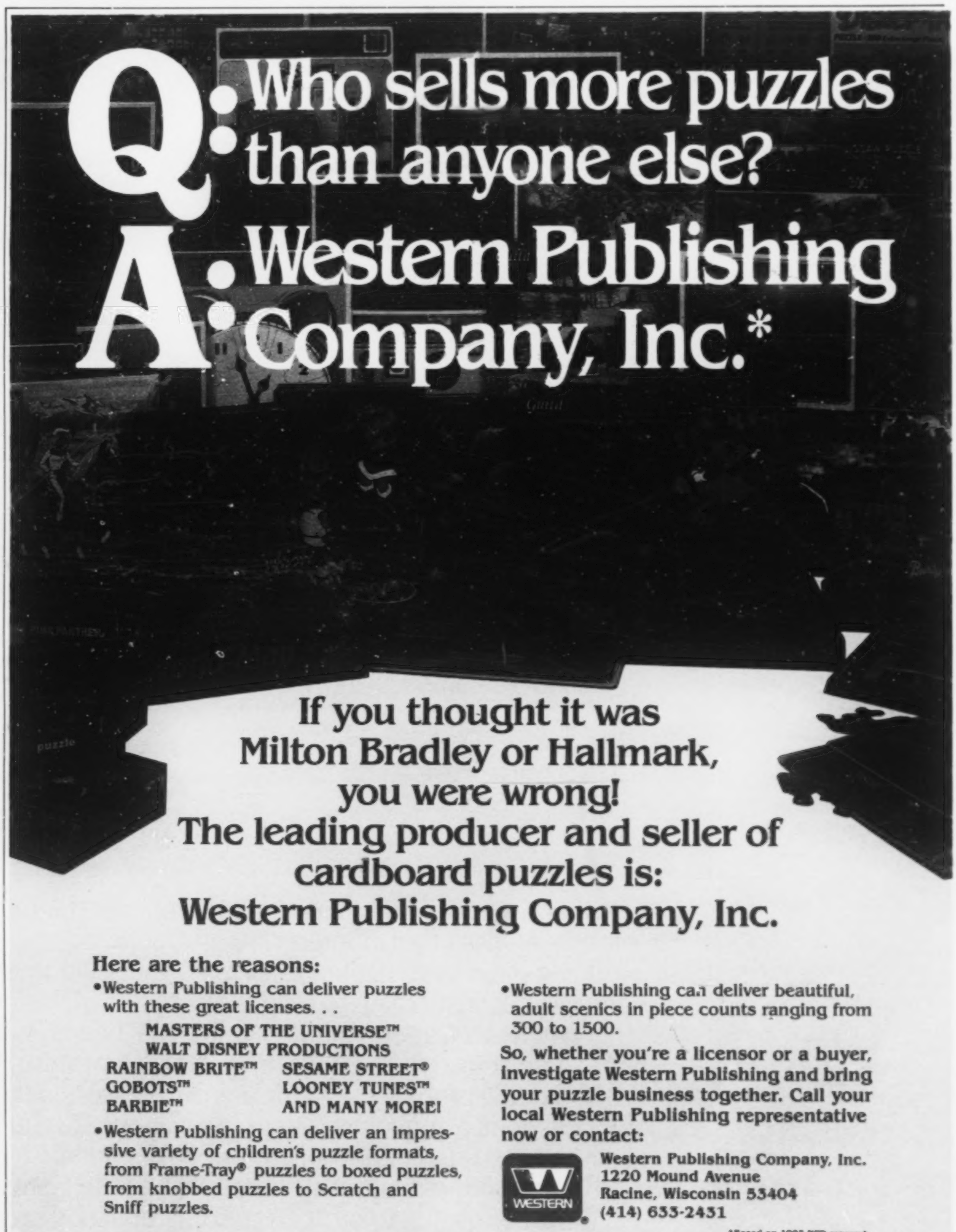
Nor should one look away from the fact that margins have been creeping up since 1982, from 26% to 28.4%, as have initial markups, from 33% to 36.5%.

It should be noted, however, that the big jumps in productivity the last two years owe a lot to a couple of phenomenons.

The jump from '82 to '83 was fueled in some significant measure by what might now be looked at as the last big gasp of electronic games—at least as a surging phenomenon. This past year volume got its big boost from a number of super-performing licenses, including GoBots, Cabbage Patch and a couple of others.

It's worth observing that the gain in sales per square foot last year was not as great as that made the year before, and that whatever margin gain there was came much harder—possibly because of the lower margins on the licensed merchandise.

It all adds up to the fact that 1985's a question mark. Buyers definitely want to see at least the kind of sales-per-square-foot gains they made in '84. Few are very confident, however, that they will.



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Gold Circle Places Loose Cigarette Packs at Checkouts

WORTHINGTON, Ohio — Gold Circle is now selling loose cigarette packs at checkout stands and has increased its emphasis on both generic and branded lower cost cigarettes.

The new program is aimed at making tobacco more visible in the stores to encourage impulse sales, and at bolstering margins with new products carrying lower price points, said buyer John Kunzi.

Before the checkout program, "loose packs were sold either at one register at the store, serviced by the checkout girl, or behind the snack bar," said Kunzi. "They didn't have the same visibility or service. Packs are now in lanes where customers can serve themselves—and, everyone must pass them."

He added that "20% of my cigarette sales were in loose packs before the new fixturing. Now it's approaching 39%. For every 10 cartons I bring in, four are sold in loose-pack form."

For the Ohio-based chain, this translates into healthier margins for the category.

Margins for national brand cartons are about 8% to 12%; more profit comes from loose packs, which carry margins of about 28%. Because of low margins, discounters depend upon high turnover, preferably in loose packs, for their productivity, along with the fees cigarette manufacturers pay to keep their brands in stock.

"If we're going to be in the tobacco business, the velocity of sales is important," said Kunzi. He expects the cigarette category to turn 10 to 15 times in the first year since resetting was completed four months ago.

The chain now has either a 4-ft. or 6-ft. cigarette carton fixture at one cash register in each store. A fixture holding tobacco products like cigars, loose and chewing tobacco, pipe cleaners, snuff, flints, fluid and paper, is located at another register. All other registers have fixtures for loose packs and lighters, which are sold along with single candy bars and gum as part of a total checkout program implemented to encourage impulse sales.

The carton fixture was changed from a tall "grocery store-type" fixture to a lower, three-sided gondola. Kunzi said the new fixture holds more cartons and blends in better with the other fixtures.

The chain carries some 25-count pack brands like Richland and Century in states that allow it, but only by the carton. The 25-count brands, which first entered the market late in 1983, are generally priced the same as 20-count brands when bought by the carton, but prices vary when sold in single units. Kunzi explained customers would resist paying $1.25 for a 25-count pack vs. 98¢ for a standard count pack.

The chain is also building its assortment of lower-priced cigarettes with the addition of Dorals, a national brand pulled from the market in 1980 and recently reintroduced as a "value priced" brand. The repositioned brand is priced competitively with generics.

"Generics sell much less, but what's important when I bring up Doral is we have a 'branded generic' at an everyday low price," said Kunzi. "It's not just a white package with black lettering on it."

The chain is still reviewing the higher-margin tobacco products like chewing and loose tobacco and accessories, which have only been in all stores three months. Previously, the products had only been in 20% of the chain's stores.

Distributors deliver orders for the category once a week. Store personnel are responsible for filling all the racks initially, and refilling the racks for loose packs from the carton rack during the week.

Kunzi conceded store employees do not always maintain the racks consistently through the week. As he works on improving the program, Kunzi said he will consider alternative solutions like adding floor space for more fixtures or having the distributor deliver orders twice a week.

Kunzi said his goal is to establish a model that is flexible enough to insure there is sufficient stock in-store to last through peak sales periods without overstocking. "We do not allow tobacco to be stored in the backroom. I give them enough room to service 1,600 cartons of cigarettes," he said. "This forces everyone to be on his toes."

Value Priced, Midpriced 'Name' Butts Challenge Generics, 25-Count Packs

Nationwide DSN Report

New "value priced" and "midpriced" versions of name brand cigarettes are challenging generics and 25-count packs, further segmenting the already divided cigarette business.

For discounters, the new products mean additional ways to offer low-cost cigarettes and still realize more than the 8% to 12% margins name-brand loose packs yield. They may also appeal to discounters who balk at carrying generic cigarettes.

Last month, Liggett & Myers launched Stride, termed a midprice cigarette that would cost 10¢ less a pack and $1 less per carton than regular priced cigarettes.

Also, R. J. Reynolds recently reintroduced Dorals at a value price—the same price as generic cigarettes—after taking the regular-priced brand off the market in 1980.

Both products are targeted at the cost-conscious consumer who still wants a name-brand cigarette.

The introductions increased competition among tobacco manufacturers for the low-priced end of the cigarette business.

Industry analysts predict low-priced cigarettes, including generics and value priced brands, should capture between 8% and 10% of the market share in 1985. Current estimates put 1984 market share at almost 6%.

The boom year for generic cigarettes, the first low-priced alternative to name brands, came in 1983, with market share for these no-frill packages reaching about 3.3% of the total United States cigarette market. By the end of 1984, generics' share of the market expanded to over 4%. Generics are priced about 20¢ per pack and between $1.50 to $2 per carton less than name brands.

The introduction of 25-count packs like R. J. Reynolds' Century and Brown & Williamson's Richland also occurred in 1983. Although higher-count packs may or may not be sold at the same price as standard-count name-brand loose packs, they are generally priced the same by the 10-pack carton. These, too, were targeted at value-conscious consumers, but have the advantage of brand identity.

At the start of this year Philip Morris, the largest cigarette maker, introduced Marlboro 25-count packs, the first major national brand to offer this alternative. However, single packs will be priced 25% more than standard-count packs, and cartons will contain 8-packs instead of 10, for a comparable 200-cigarette carton price.

Tom Keim, director of marketing communications for Philip Morris, said the new packages were designed for consumers' convenience rather than savings. He believes the higher price won't discourage discount store customers from buying the Marlboro 25-counts because the value per cigarette is equivalent to 20-counts, and because of brand identification.

This brand identification, combined with savings, is expected to support both Dorals and Stride in the marketplace.

K mart is said to have Stride cigarettes in its stores, and Gold Circle has added Dorals to its assortment.

Gold Circle buyer, John Kunzi, said he is carrying Dorals because he can offer a brand name and still "build our image as a low-price leader." The Ohio-based chain also carries 25-count packs like Century and Richland, but only in cartons.

West Virginia-based Heck's, too, has added the regular and king-sized Dorals to its assortment, and buyer Chauncey Browning has authorized store managers to pick up several sku's in 25-count packs.

Also, despite the leveling off in the generic area, some discounters like Gold Circle, Heck's and Georgia-based Richway are picking up additional sku's in generic cigarettes.

However, the success or failure of generic cigarettes is often a question of geographics. John Martin, divisional vp, consumables for Richway, said retail sales of generics account for 3% to 5% of the total cigarette sales in his area, which covers Georgia, Florida, South Carolina and Tennessee. "That's definitely big enough to warrant testing," he said.

Tobacco Mfrs.' Production Dips

Tobacco Product	1984*	1983	1982	1981	1980
Cigarettes					
Units (billions)	593.0	600.0	634.0	640.	631.5
Packs (billions)	29.7	30.0	31.7	32.0	31.6
Large Cigars (billions)	3.5	3.6	3.7	3.9	4.0
Small Cigars (billions)	1.3	1.4	1.3	1.4	1.4
Pipe Tobacco (million lb.)	30.0	33.3	33.7	36.5	37.3
Chewing Tobacco (million lb.)	87.8	86.8	90.4	90.0	NA
Snuff (million lb.)	48.3	46.7	43.8	42.5	NA

*NA—Not available. *Estimate*

Source: U.S. Dept. of Agriculture

Since 1982 production of most tobacco products has declined. Cigarettes were down 1.2% in 1984 from the year before. The only gains last year were in snuff, up 3.4%, and chewing tobacco, up 1.2%.

Snuff Production Gains Despite Industry Pinch

Nationwide DSN Report

For the third consecutive year, manufacturers' production of snuff has increased, despite a slump in cigarette, cigar and pipe tobacco product volume.

The 1984 gain in snuff, up 3.4% from the year before, is in part attributed to the continuing strength of Skoal Bandits, introduced over a year ago.

"Skoal has created the most interest in the [tobacco] area. It's a plus business," said Smitty's merchandiser Tim Howard. The item, which retails at 99¢ for a can, accounts for between 8% and 10% of the Phoenix-based chain's sales of tobacco, excluding cigarettes.

Sales of snuff, along with chewing tobacco which showed a volume gain of 1.2% in 1984 over 1983, are said to be strongest in the South and Midwest and in rural areas.

'84 Biz Up 38.6% At Dollar General

SCOTTSVILLE, Ky. — Dollar General reported 1984 net sales of $480,400,000, an increase of 38.6% over 1983 sales of $346,700,000.

Fourth-quarter sales were $160,500,000, a 21.5% increase over sales of $132,100,000 for the fourth quarter of 1983.

During 1984 the company opened 278 stores and closed 91 stores.

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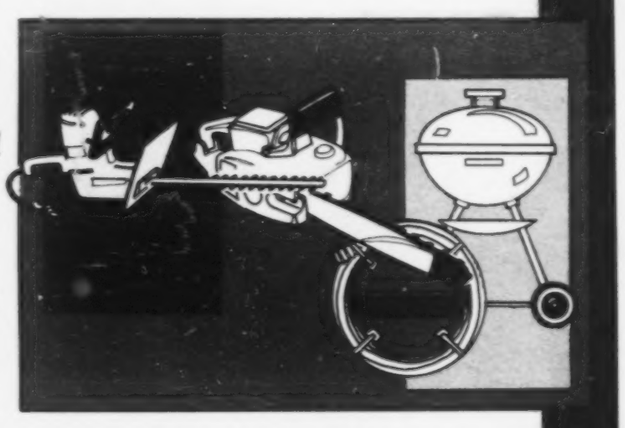

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IN BRIEF

• **TAILORED SEPARATES WILL GAIN FLOOR SPACE THIS** year, say discounters who headed for the Men's Apparel Guild in California (MAGIC) show in Los Angeles. Promotional department stores like Mervyn's (above) already feature separates from Haggar and Levi. Discounters, including Venture and Gold Circle, are this year increasing their stake in the business by adding to their assortment of Reed st. James and other dress-up labels. For more on men's wear, see pp. 41-49.

• **STOP & SHOP IS GOING INTO THE MEN'S APPAREL MAIL** order business with a new catalog called Pride's Landing. At presstime the catalogs were being printed. Stop & Shop officials were withholding most details of the operation. Although the division is being overseen by Bradlees' chairman Hal Frank and also involves the men's wear merchandising staff of the discount chain, the project is being treated separately from the discount store operation.

Four Attempted Takeovers: The Scorecard Is Mixed

By ARTHUR MARKOWITZ
Special Projects Editor

The scorecard of attempted takeovers—friendly and otherwise—involving four major retailers, J. W. Mays, G. C. Murphy, HRT Industries, parent of Zodys, and The May Co., parent of Venture, shows mixed results.

J. W. Mays, so far, has warded off an unfriendly takeover, while a similar unwanted move on The May Co. may just be developing.

G. C. Murphy has turned to an unusual new investment vehicle, an Employee Stock Ownership Plan (ESOP), to try to end any future takeover threats.

HRT'S friendly acquisition by the McCrory Corp. arm of the Meshulum Riklis business empire continues to move along without any opposition.

These four takeover attempts point up the expectation held by many security analysts and trade observers that the corporate acquisition trend will grow in retailing.

The takeover trend, however, has triggered reactions from retailers that range from enacting antitakeover measures in their corporate bylaws to seeking friendly acquisition partners.

Congress could even become involved in barring one antitakeover scheme—paying "greenmail." Greenmail is paying a premium price—unavailable to other shareholders—to a corporate raider for its stock to stop an unfriendly takeover.

Sen. Don Riegle (D-Mich.) has introduced legislation that would bar a company from directly or indirectly buying its stock at a premium price over the market from anyone holding more than 3% of the securities for less than two years.

A premium price could be paid only if it was also offered to all shareholders or if it had advanced approval from a majority of stockholders.

Similar legislation was adopted in the Senate last year but died in the House. The current proposal is being supported by the Securities and Exchange Commission and its advisory panel on tender offers.

Realtor Sol Goldman has been stymied in his six-month-old unfriendly endeavor to acquire J. W. Mays, due to opposition by the discounter's management, continuing legal battle over Goldman's tender and the limited number of publicly held shares transmitted in response to the offer (which expired at presstime).

Goldman obtained 200,240 shares in response to the $12-a-share tender, and shortly after it expired he purchased for $9 a share the 250,700 shares owned by J.J.J. Financial Associates, which had been allied with him in the attempted Mays' takeover.

Along with the 250,700 shares Goldman originally

(Continued on page 94)

Discounters Strengthen Their Hold on Shoppers

CHICAGO — Full-line and specialty discounters have strengthened their hold on Americans looking to buy merchandise at less than full price.

This has occurred in the face of a more competitive retailing environment in which a growing number of consumers expect to purchase goods at discounted prices from an increased number of merchants.

These trends are among the major findings in the latest national consumer survey conducted for *Discount Store News* by Leo J. Shapiro and Associates. The Chicago consumer research firm began an ongoing shopper attitude study a year ago (see *DSN*, July 9, 1984, p. 1), with an interim update compiled for the December 1984 pre-Christmas period.

The latest survey also shows that discounters boosted their status as retailers of name-brand, quality merchandise without any loss in their low-price image.

At the same time, the study found that discounters were able to reach more consumers with their promotional advertising than other retailers during the volatile holiday sales period.

The study's findings include:

A greater number of consumers surveyed in December 1984 usually buy merchandise at less than full price in six categories than shoppers questioned in March 1984, the base period for the ongoing study. The increases in the percentage of shoppers surveyed who bought at discounted prices ranged from one percentage point for those buying sporting goods, at 74%, to 10 percentage points for those purchasing toys, at 80%.

(Continued on page 14)

% of Shoppers Who Usually Pay Less Than Full Price For . . .

Category	March 1984	Dec. 1984	Percentage-Point Change
Auto supplies	54%	57%	+ 3
Dressy clothing	55	57	+ 2
Casual clothes	64	72	+ 8
Sporting goods	73	74	+ 1
Toys	70	80	+10
Children's clothes	NA	83	—
Electronics	80	83	+ 3
Domestics	NA	87	—

NA: Not available.
Source: DSN/Leo J. Shapiro & Associates

The percentage of shoppers who usually pay less than full price went up for the six categories tracked during the two-survey periods

If a Toy's Hot, a Story Probably Goes With It

NEW YORK — The story at this year's Toy Fair was, again, the story.

Although licensed character toys have long established themselves as the backbone of the toy business—(licensed toys accounted for nearly 50% of total sales, according to industry estimates) buyers and manufacturers agree—it's the story line or fantasy concept that has emerged as the single most important factor in marketing a new toy.

Everything, from spinning off cartoon shows to licensing disposable diapers, revolves around the property's story. This year, the emphasis will squarely be on the shoulders of in-house, prepackaged concepts (pioneered by Strawberry Shortcake eight years ago) rather than relying on popular movies or highly rated television shows.

Indeed, last year's disappointing sales of licensed toys from such blockbusters as Gremlins, Dune and Indiana Jones have all but put the nails in the movie license coffin.

Buyers also noted a sharp decline in the Star Wars line and without a new movie on the horizon, the once giant toy license is expected to be pushed aside by several new entries in the boys' action/fantasy figure category.

This year's anticipated cream of the crop, including plush dolls Wuzzles, Hugga Bunch and Pound Puppies and action toys Sectaurs, She-Ra and M.A.S.K., has already attracted a host of licensees, giving their properties more than just a jump on the rest of the field.

The added exposure doesn't even take into account that all of these licenses will have their own Saturday morning cartoon show, or at least, an animated mini-series, which keeps the toys highly visible all year round. Boys' toys like M.A.S.K. and Sectaurs will

(Continued on page 90)

Digest

March 4, 1985

MAGIC SHOW

• **Discounters headed for Los** Angeles to do their fall men's wear shopping at the MAGIC Show. Execs analyze business trends (pp. 41-49).

STATIONERY/HOME OFFICE

• **Buyers are bullish because** of the proliferation of home offices, and the increase in baby boomers' children. (Supplement, pp. 53-61.)

BACK-TO-SCHOOL

• **Chains are expected to lean** heavily on basic stationery promos for BTS. (Section, pp. 69-77.)

Index

Catalog Showroom News 11
Classified 91-94
Editorial 9
Executive Changes 12

Sales Results a Mass of Pluses

(In millions of dollars)

Chain	Jan. 1985	Jan. 1984	% Gain	Fisc. Yr. ended 1/85	Fisc. Yr. ended 1/84	% Gain
Sears Merchandise Group	$1,728.5[A]	$1,703.5	4.7	$26,508.1[B]	$25,089.3	5.7
K mart	1,237.6	1,064.6	16.3	20,822.5	18,597.9	12.0
Wal-Mart	425.0	331.9	28.0	6,401.0	4,667.0	37.0
Best Products	132.1[C]	93.9	40.7	2,253.8[D]	2,074.1	8.7
Service Merchandise	n/a[E]	n/a	n/a	1,656.9	1,458.1	13.6
Associated Dry Goods	257.4[F]	190.4	35.2	4,060.0[F]	3,555.0	14.2
Caldor/Loehmann's	99.0[F]	70.3	40.9	1,515.0[F]	1,260.0	20.3
May Dept. Stores Co.	243.7	222.9	9.3	4,693.6	4,173.2	12.5
Venture	50.1	45.4	10.2	914.9	777.7	17.6
Zayre Corp.[G]	146.4	120.6	21.3	3,122.1	2,613.6	19.5
Ames	34.5	27.5	25.0	811.1	610.1	33.0
Federated Group	27.3[H]	14.5	88.0	211.4[H]	129.7	63.0

[A]Five weeks ended Feb. 2, 1985. [B]Fiscal year ended Dec. 31, 1984. [C]Five weeks ended Feb. 2. [D]53 weeks ended Feb. 2. [E]Fiscal year ended Dec. 29, 1984. Final quarter sales were $730 million, up 11.5% from $655 million in the prior year's quarter. [F]Five weeks and 53 weeks ended Feb. 2. [G]Excludes leased departments. [H]Five weeks and 49 weeks ended Feb. 3. n/a: Not available.

Source: Company reports

Markdown Wars Seen Continuing Into Spring

Chains Concerned Over 1st Half, Despite Fiscal-Year Sales Gains

Nationwide DSN Report

Discounters expressed concern over first-half 1985 prospects, despite coming off a fiscal year in which sales at many of the nation's top chains climbed more than 12%. Those results were helped by a steady stream of new store openings and a healthy upsurge of consumer spending into last fall, but were slowed by a weak Christmas.

In the fiscal year just ended, comparable-store sales gains at leading full-liners ranged widely from 5.5% at Venture to Wal-Mart's 15% and Ames' 16%.

In comparison, the top catalogers, Best Products and Service Merchandise, fared worse; Service achieved a 1.4% same-store sales gain in the fiscal year.

Discounters expected the last quarter's fierce markdown wars to continue into the spring, and cited that as the main reason for moderated sales goals in the first half.

They see stubbornly high inventories and slowed consumer spending on general merchandise as factors contributing to stronger promotional stances industrywide. General merchandise sales fell a sharp 4.6% during January, according to Commerce Department figures, although overall consumer spending rose 0.7%.

At presstime, Best Products and Consumers Distributing were among chains continuing their markdown efforts. A Best spokesman said that effort would contribute to 1985 earnings "not being satisfactory until late in the year."

"If chains haven't learned from the last quarter's experience, and remain promotional, the first half won't be easy," said Ames president Gerald Kanter.

Gain Expected

Compared with last year's 33% fiscal year sales gain, Ames expects a 20%-25% climb in 1985, producing most of that growth with 21 new stores and 30 remodels, he said. The 1984 results were aided by 12 new stores and 25 remodels.

The Connecticut-based chain, which operates 185 stores in 11 states, "wasn't caught in the markdown syndrome," said Kanter. "We weren't ever that high in inventories, and saw no need to overreact to competition, though we're still a bit over."

Ames achieved a 25% same-store sales gain in January.

Wal-Mart was the only other leading full-line discounter to score significant same-store sales gains during the past fiscal year. Its 15% comparable-store sales rise accounted for much of the chain's overall 37% sales gain, which led all discounters.

However, its January results showed vulnerability in the slowing economy; its same-store sales rose only 5%.

The chain experienced delays in meeting ambitious expansion plans last year, but added 103 Wal-Mart stores and eight Sam's Wholesale Clubs in the period to swell its roster to 745 Wal-Marts and 11 Sam's. In addition, Wal-Mart continues to test its DOT deep-discount drug units and a specialty crafts store as possible growth vehicles.

K mart, the nation's largest discounter, reported a 12% overall sales gain for the past fiscal year, pushing its volume past $20.8 billion on the strength of diversification and remodeling efforts—including results of Builders Square and Waldenbooks.

That sales growth came with the final quarter pain of "much heavier markdowns than expected" to reduce inventories, said chairman Bernard M. Fauber.

Infomart Opening, But Will It Fly?

DALLAS — Infomart, the giant technology trade mart with a look that comes straight out of Victorian England, was getting ready to open its doors at presstime to its first trade show specifically for retailers.

The show, complete with 20,000 sq. ft. of exhibits and three days of seminars, is just one way Infomart plans to attract merchants to its showrooms and other resources, according to president Bill Winsor.

Questions plague the mart's future, however. One is whether despite an eager pitch to retailers in general, the mart's business-to-business services will ever prove attractive to discounters and other mass merchants.

Co-sponsored by NRMA, the show was expected by mart officials to draw 4,000 merchants from jewelry, home furnishings, gifts' accessories, toys and other durable goods operations.

Exhibitors were to include makers of all sizes of computers/peripherals, software services, supplies and computer furniture, plus firms offering training, value-added resellers, consultants, systems houses and publishers.

Seminars were to cover inventory, general ledger, point-of-sale and other direct applications.

The show is just one way Infomart is trying to attract merchants to its showrooms, according to Winsor.

On the drawing boards for June or July of next year is a series of programs designed to bring in volume purchasers of computer and communications equipment, Winsor said.

In addition, mart officials will be pitching retail trade associations and the larger merchants, urging them to bring in special groups to meet at the mart.

Will this be enough?

Some observers have suggested that retailers, including discounters, and other business groups would rather have the technology purveyors come to their own industry shows, such as NRMA's annual meeting.

A firm that sells complete computer systems to retailers recently took out space in the nearby Apparel Mart, rather than Infomart, because the audience was right and fewer competitors were around, according to a published report.

Michael Bilotti, Zayre Corp.'s systems and technical services director and a senior vice president, for one, said that despite invitations he was passing on Infomart's "Minding the Store" trade show.

"I've received several mailings with information from them," Bilotti said, "and as far as I can tell I have no intention of going to anything there this year."

Bilotti said he felt the current show would be a regional one,

(Continued on page 89)

Chains Plan More $$ For Key MIS Areas

NEW YORK — Inventory control and stock replenishment are the two management information systems (MIS) areas most likely to experience increased funding from mass merchants and other retailers during the next two years.

According to a study of the MIS strategies of 111 retailers by the Arthur Young accounting firm, 50% of all the companies polled reported they will implement both inventory control and stock replenishment systems within the next 24 months.

For mass merchants, those reporting they will implement or expand these two systems were 50% and 53%, respectively.

Also high on mass merchant MIS implementation lists were POS systems, with 50% of those chains saying they would develop or improve POS systems within the next two years; purchase order management (50%); in-store systems (58%), and distribution systems (29%).

Mass merchandisers' plans to develop in-store systems out-

(Continued on page 85)

Total MIS Costs as % of 1983 Sales

Total MIS Costs	Sales: Under $100 Million	Sales: $100-$500 Million	Sales: Over $500 Million	Type of Store: Mass Merch.	Type of Store: Dept. Stores	Type of Store: Specialty Stores	Type of Store: Comb./ Grocery Stores	All Participants: 1981	All Participants: 1982
Under 0.25%	0%	9%	13%	5%	0%	0%	46%	8%	11%
0.25 to 0.49	7	13	24	19	0	10	39	14	12
0.50 to 0.749	14	18	27	27	17	13	15	19	25
0.75 to 0.99	17	22	10	32	8	13	0	17	16
1 to 1.49	31	36	20	11	67	37	0	30	24
1.5 to 2	17	0	3	3	4	14	0	6	7
Over 2	14	2	3	3	4	13	0	6	5
1983 Average MIS costs as % of Sales	1.22	0.87	0.73	0.76	1.10	1.25	0.31	—	—
1982 Average	1.21	0.83	0.72	0.74	1.17	1.13	0.30	0.92	0.90

Source: Arthur Young

MIS Payroll Costs as % of 1983 Sales

MIS Payroll Costs	Sales: Under $100 Million	Sales: $100-$500 Million	Sales: Over $500 Million	Type of Store: Mass Merch.	Type of Store: Dept. Stores	Type of Store: Specialty Stores	Type of Store: Comb./ Grocery Stores	All Participants: 1981	All Participants: 1982
Under 1%	4%	9%	7%	6%	0%	3%	29%	7%	7%
0.1 to 0.19	14	18	18	20	5	7	50	18	17
0.2 to 0.29	7	9	25	15	18	10	7	13	13
0.3 to 0.49	32	44	32	44	45	33	14	38	36
0.50 to 0.69	14	16	11	6	18	27	0	14	14
0.7 to 1	22	2	7	9	9	13	0	5	9
Over 1	7	2	0	0	5	7	0	5	4
1983 Average MIS Payroll/Sales	0.50	0.36	0.32	0.33	0.45	0.53	0.15	0.38	0.39
1982 Average MIS Payroll/Sales	0.46	0.37	0.31	0.33	0.44	0.49	0.14	0.38	0.39

Source: Arthur Young

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Vol. 24, No. 5 March 4, 1985

% of Consumers Who Say a Specific Store Is Their Preferred Retailer For a Specific Category

Category	Retailers That Traditionally Sell at Less Than Full Price: Full-Line Discounters: K mart	Full-Line Discounters: Other Traditional Discounters	Upscale Discounters	Specialty Discounters	Catalog Showrooms	Big Three General Merchandisers	Conventional Department Stores	Other Full-Priced Stores	Not Answering
Electronics	8%	14%	2%	20%	3%	14%	6%	23%	10%
Toys	20	21	7	27	3	7	5	7	3
Children's Clothes	16	12	5	2	—	31	20	9	5
Casual Clothes	9	9	3	2	—	22	29	21	5
Dressy Clothes	5	4	1	1	—	22	37	25	5
Auto Accessories	8	3	2	15	—	11	1	53	7
Sporting Goods	13	10	4	14	4	14	5	28	8
Domestics	14	13	3	2	—	34	23	7	4

Source: DSN/Leo J. Shapiro & Associates

Despite consumers' preference to buy at less than full price, the store they cite as "preferred" is as likely to be one that sells at full price as at discount.

Full-line, Specialty Discounters Strengthen Their Hold

(Continued from page 1)

The average gain in the percentage of consumers purchasing at less than full price was 4.6 percentage points, so that the unusually big jump for toys may be influenced by shoppers' exceptionally strong interest in this merchandise during the holiday gift-giving period.

(The December survey for the first time also tracked domestics and children's clothes, so eight categories in all were covered.)

While 57% to 87% of the consumers surveyed usually purchased goods in all eight categories at less than full price, the stores they cited as "preferred to shop in" were full-priced retailers for about half the merchandise areas—further proof that a growing number of merchants are selling a broader assortment of goods at discount.

The study found that retailers that sold at full price were the preferred store for casual clothes (51%) and dressy clothes (64%) while preference for full-priced and less-than-full-priced retailers was about even for auto accessories and for sporting goods.

Retailers that sold at less than full price were the favored merchants for electronics (56%), toys (65%), children's clothes (52%) and domestics (58%).

The specific type of retailer or store that was cited as the preferred merchant in the eight categories were: electronics, full-line discounters (24%) and full-priced specialty stores (23%); toys, full-line discounters (48%) and specialty discounters (27%); children's clothes, full-line discounters (33%) and Sears/Penney/Ward (31%); casual clothes, conventional department stores (29%) and Sears/Penney/Ward (22%); dressy clothes, conventional department stores (37%) and Sears/Penney/Ward (22%); auto accessories, full-priced specialty stores (53%) and full-line discounters (13%); sporting goods, full-priced specialty stores (28%) and full-line discounters (27%), and domestics, Sears/Penney/Ward (34%) and full-line discounters (30%).

Consumers didn't feel they lowered their standards in increasing their purchases of merchandise at less than full price. In a tabulation of the advantages of buying at discounted prices from all retailers, the study found that quality as a factor went from 6% in the March period to 14% in December. Other key advantages included availability of name brands, up from 2% to 4%; lower prices, a gain from 16% to 20%, and promotional sales, an increase from 1% to 5%.

The only decline was in the variety and selection of goods, which slipped from 11% to 10%.

Overall, this compilation of factors indicates that shoppers felt that retailers that were offering goods at less than full price were making a more limited variety of merchandise available, but this negative factor was more than outweighed by such benefits as lower price, better quality merchandise and the increase in promotions that resulted in lower prices.

While there was an increase overall in the percentage of shoppers usually buying goods at less than full price during the course of the two survey periods, the numbers doing so specifically at full-line and specialty discounters shot way up in

(Continued on page 15)

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DSN

NHCNews Briefs

Industry Update

Mr. HOW lines up 10 more sites

MARGATE, Fla. — Mr. HOW has lined up 10 more store sites for 1985 in addition to the Denver suburb of Aurora (*NHCN*, Jan. 28), *National Home Center News* has learned.

The additional units would bring the number planned for this year to 28. Mr. HOW now has 17 units, including the five Chicago Forest City stores it recently agreed to buy (*NHCN*, Feb. 11).

The additional Mr. HOW units are located in the Miami suburbs of Hialeah and Green Acres as well as Pensacola and Jacksonville, Fla.

Knoxville and Chattanooga, Tenn., as well as Roanoke, Va., and Huntsville, Ala., are also slated as new Mr. HOW markets, while Nashville and Oklahoma City should get additional stores.

Mr. HOW officials would not confirm a suburban Philadelphia location in Montgomeryville, Pa.

Payless files for new offering

KANSAS CITY, Mo. — Payless Cashways made a Feb. 7 filing with the Securities and Exchange Commission to sell 3,062,529 shares of its common stock, the proceeds from which are to be allocated to 1985 capital expenditures for the expansion of the 160-unit chain, according to vp-finance Steve Lightstone.

Two million shares will be marketed by Payless itself, with the remainder being sold by shareholders—including the Cohen family, who acquired Payless stock when it sold Somerville Lumber to the company—through Goldman Sachs, the New York investment firm. The Cohens previously sold 750,000 shares, 30% of its stake in Payless (*NHCN*, Dec. 17).

The day Payless made the filing, its stock was selling for 19⅞, down ¾, which would make this sale at that price equal to $61 million. The stock price was close to Payless' 52 week high of 21¼.

Kero-Sun suit settled

HARTFORD — After more than a year's wrangling, lawsuits between Kero-Sun and its former Japanese supplier, Toyotomi Kogyo, have been settled.

On Jan. 25, a U.S. District Court here awarded Toyotomi $2.4 million and the right to use the "Kero-Sun" trade name in marketing its kerosene heaters and other products.

In late 1983, each company had filed against the other in the wake of a collapsed kerosene heater market which left Kero-Sun saddled with enormous inventory supply.

At that time Kero-Sun sued Toyotomi for $100 million, alleging that its officials tried to acquire and market Kero-Sun's trade secrets. Toyotomi countered with a $55 million breach of contract suit (because Kero-Sun would not receive 250,000 heaters it had ordered), and a $10 million action claiming Kero-Sun had tried to "illegally exclude" Toyotomi from the marketplace.

The settlement in Hartford, which took six months to hammer out, terminates any other suits by the two parties.

A spokesman for Toyotomi said it would continue to market some of its products under the "Toyostove" brand name, and use the "Kero-Sun" label on "different, noncompetitive items." He declined to identify which these would be.

Kero-Sun, which filed bankruptcy early last year, currently is marketing parts for kerosene heaters, and is in the process of coming out with a new line of products to be marketed under the name "Litwin Industries," named after Kero-Sun's founder, Bill Litwin.

60,000-ft. Chase-Pitkin readied

ROCHESTER — Chase-Pitkin has begun construction on a new 60,000-sq.-ft. home center in the Rochester, N.Y., suburb of Canandaigua.

The new facility, which includes 15,000 sq. ft. of protected outdoor selling space for garden and building materials, is being built with a greater emphasis toward contractor and building materials sales than previous outlets, according to president Stephen Underwood.

Slated to open this spring, the new store will be Chase-Pitkin's 12th outlet in the Rochester market.

In a separate development, Chase-Pitkin has also begun expanding and remodeling several of its stores, including its 29,000-sq.-ft. Greece, N.Y., outlet which is being enlarged to 50,000 sq. ft. and slated for a grand reopening also this spring.

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Vol. 11, No. 5 Feb. 25, 1985

Six Lloyd workers face various theft, drug and gambling charges

BREWSTER, N.Y. — Six Lloyd Home and Building Center employees and two of its customers have been arrested and arraigned on various charges of grand larceny, criminal possession of stolen property, gambling, burglary and the possession and sale of cocaine at the company's Brewster store.

The arrests were made on Jan. 28 and 29 culminating a two- and a half-month investigation by the Putnam County Sheriff's Narcotic Task Force in cooperation with Putnam County District Attorney Joseph Costello.

Lloyd is a 39-unit home center chain headquartered in Danbury, Conn.

All of the six Lloyd workers were full-time employees who had been with the company's Brewster location for no more than six to seven months, according to store manager Dan Keith and company president Richard Anglin. Keith said only one of them had been with the company for more than one year.

The six Lloyd employees who were charged, arraigned and remanded to the Putnam County Jail on Jan. 28 were all allegedly stealing building materials—in-cluding lumber, shingles and tolls—from the store's outside yard and selling the merchandise "to contractors and homeowners at a cut-rate price," said investigator Daniel Stephens.

A statement issued by the Sheriff's department on Jan. 28 estimated the lost merchandise at $300,000 but Lloyd president Anglin said he doubts that more than $100,000 to $115,000 worth of materials is missing.

Sheriff Raynor Weizenecker said in a subsequent statement released a day later that as of that Jan. 29, $15,000 worth of property had been recovered.

Also from that Brewster location, Weizenecker reported in his Jan. 28 release that the police investigation uncovered "a gambling operation run from the Brewster location by a Brewster employee and a system for the distribution and use of cocaine."

Stephens said the gambling operation appears to have been small and that the cocaine activity was "probably for personal use. There's no reason to believe otherwise."

According to Anglin, the employees allegedly involved were probably not working together

(Continued on page 86)

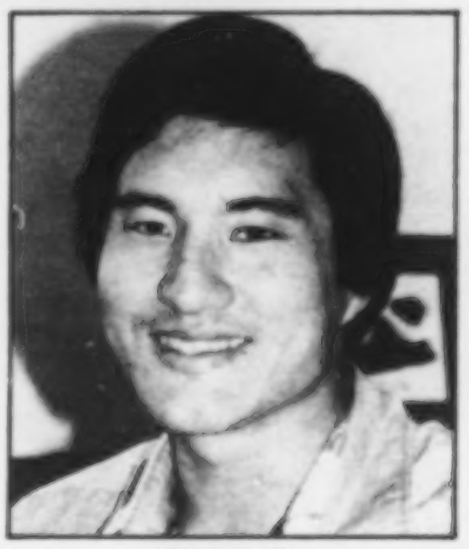
Ai quits City Mill to join consulting ranks

HONOLULU — Steven C. Ai, executive vp of City Mill Co. Ltd. and the heir apparent to the six-unit home center chain, is quitting the company to become a management consultant for the Honolulu branch of Peat Marwick Mitchell & Co.

The 31-year-old son of company president David Ai and grandson of founder Chung Kun Ai said he decided to leave the closely held family business effective Feb. 22 because, "I'm not getting any younger and this is a good time to start a new career."

Consulting, Ai elaborated, "is something I've always wanted to do. That's been my first love."

Ai has grown up in the lumber and building materials business and has been active in several home center industry advisory groups over the years.



Steven Ai

He has been with City Mill in an executive capacity for five years, beginning as an administrative assistant to the president (his father), and, in June 1983, received a promotion to executive vp, a newly created post. Ai said he doubted the position would be filled following his departure.

Ai received his undergraduate degree with a minor in accounting at Whittier College in California and a master's in business administration at the University of Denver. He was an accountant in the office of Mayor Tom Bradley of Los Angeles and a loan analyst for Union Bank before joining City Mill.

"My father is hoping that in two or three years I'll get it out of my system," Ai said of his new job. "He is fairly open minded, and happy that I am happy."

Ai said his decision to leave was unrelated to the increasing island competition stirred up by last May's opening of a Pay 'N Pak warehouse outlet near City Mill's 60,000-sq.-ft. flagship store on Nimitz Boulevard.

Highlights in this issue

Merchandising Supplement: Decorative Products

- *Dealers expect bright & brassy look to bag big cabinet hardware sales.* **Page 31**
- *Interiors reflect emotions of homebuyers.* **Page 38**
- *New franchise taps national decorator market.* **Page 40**
- *Wood floors make comeback in DIY market.* **Page 41**
- *Mr. T talks tough for one vendor's products as other suppliers launch high profile promos.* **Page 46**
- *Stair rails and banisters poised for DIY surge.* **Page 48**

Advertising & Marketing

- *This month Manville will discover whether the $7.2 million it spent on a media campaign to improve its public image has been worth it, following a deluge of product liability litigation against the company.* **Page 60**
- *Diamond Lumber debuted the first in what will be a series of evolving ad campaigns aimed at bringing its advertising out of the 1950's and into the 1980's.* **Page 60**
- *Bill Murray may have introduced the "Stop Ghosts" symbol, but a West Coast home center chain has utilized it to convince consumers not to shop its competitors.* **Page 63**

Systems & Operations

- *Stan Torstenson, a former high school industrial education teacher, now president of Stan's Lumber in Twin Lakes, Wis., has installed new computer software that will reduce estimating time.* **Page 71**
- *Prior to the installation of new software into Scarborough Lumber's computer system late last year, employees at the chain of three stores spent many long hours reworking estimates when their customers requested changes in either the quantity or type of materials. The new software has helped unearth the company from a mountain of paper.* **Page 72**

Index

Ad Angles 63, 64
Calendar 78, 79
Classified 81-84
Editorial 8
Financial News 4, 5
Home Centers & the Law 75
Home Center Trivia 14
Housing Watch 11
Lumber Report 12
New Products 67-69
New Stores 14
New Systems & Operations Products 74
People 14, 18
Security/Shortage Control 76
Washington View 8

FINANCIAL NEWS

35 Gainers

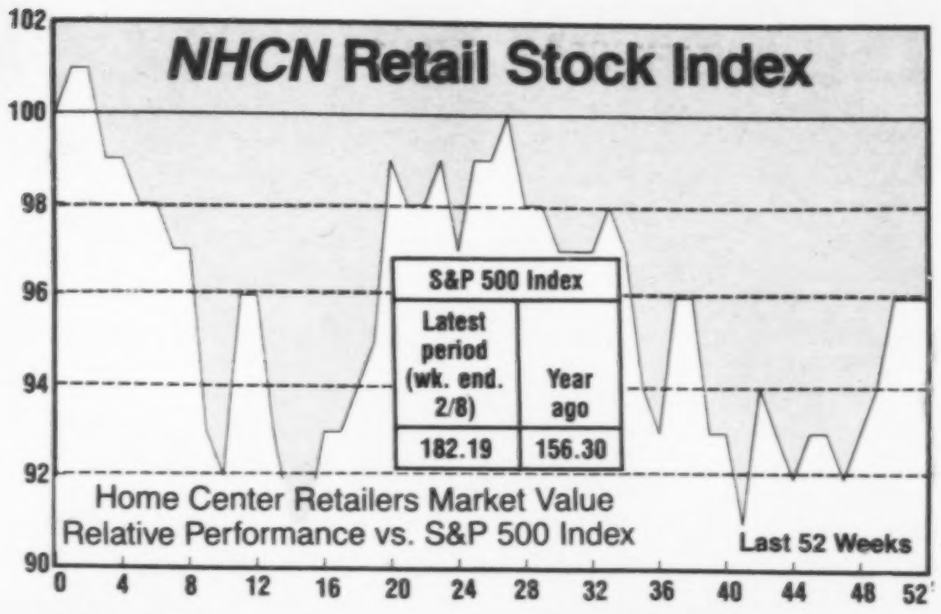
2 Unchanged

17 Losers

Home center stocks, which had been furiously gaining ground on the Standard & Poor's 500 Index over the previous four weeks, leveled off during the two-week period ended Feb. 8. The *NHCN* Retail Stock Index stood at 94.0, relative to the S&P 500 Index, which closed 25.89 points above its year-ago level.

This break in the industry's recent surge was reflected in the greater number of stocks that showed price declines in the period. Among retailer, wholesaler and manufacturer issues, 17 stocks fell (up from just five two weeks ago), 35 gained (down from 46) and two were unchanged.

Evans Products, in the throes of questions on how it will settle its heavy debt (*see story, page 1*), recorded a marked increase in activity. Its volume trend change of 350% indicates that there have been more shares traded in the past two-week period, as a per cent of outstanding shares, than the average for Evans' stock over the past quarter. Evans' stock price jumped 13.3%, to close the two-week period at $4.25.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Manville Cp N	36,598	690.2	30.0
Wickhan Lumber M	2,363	477.1	4.1
Clopay Corp A	209	370.3	11.5
Evans Prod N	5,097	350.0	13.3
K mart Cp N	85,179	319.8	- 4.6
Std Brd Prt N	7,591	312.7	- 1.2
Triangle Pac N	1,110	295.7	.9
Waxman Ind O	770	288.0	14.0
Color Tile M	8,197	277.5	.7
Payless Cash N	25,288	262.0	2.6

TOP GAINERS

Company & Market	2-Weeks Ended 2-08-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Manville Cp N	8.13	30.0	36,598
Scott Seabd O	1.25	25.0	71
Natl Lumber M	5.75	15.0	683
Waxman Ind O	16.25	14.0	770
Evans Prod N	4.25	13.3	5,097

TOP LOSERS

Company & Market	2-Weeks Ended 2-08-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Home Depot N	16.00	- 6.6	15,723
USG Corp N	64.50	- 5.7	9,634
Am Standard N	32.88	- 5.4	6,546
K mart Cp N	36.63	- 4.6	85,179
MacMiln Bldel N	20.50	- 4.1	103

Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 2-08-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report -, Period -, Date Ended -; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 2-08-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	44.13	1.88	4.4	44.38	41.75	44.63	32.50	11,219	4.06	1.73	134.7	19.8	1.90	4.3	NEW	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile M	18.63	.13	.7	18.88	16.50	18.88	13.63	8,197	8.91	2.36	277.5	12.5	.00	.0	NEW	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros N	36.75	.38	1.0	37.50	36.25	39.75	32.50	811	.80	.53	50.9	8.4	1.60	4.4	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber O	19.00	.75	4.1	19.75	18.25	24.50	18.00	43	.48	.44	9.1	8.9	.00	.0	NEW	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod N	4.25	.50	13.3	6.00	3.63	7.88	3.00	5,097	3.69	.82	350.0	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent A	21.75	1.00	4.8	21.75	20.38	21.75	15.00	181	.45	.31	45.2	70.2	.15	.7	NEW	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	41.63	- 1.13	- 2.6	42.75	41.38	44.50	36.50	5,779	1.19	.84	41.7	10.4	2.80	6.7	NEW	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A M	24.88	.88	3.6	25.25	22.25	24.88	13.50	1,349	1.93	1.24	55.6	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	25.75	.25	1.0	26.00	24.00	26.00	14.00	824	.45	.31	45.2	23.4	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber O	42.00	.25	.6	43.00	42.00	43.75	32.50	38	.22	.16	37.5	28.4	1.00	2.4	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Homecrafters Whse M	8.50	.25	3.0	8.75	8.00	16.25	5.25	1,023	6.46	3.08	109.7	40.5	.00	.0	.....	fiscal	12-83	NC	NC	NC	NC	NC	NC	104.5	NC	.8	NC	.21	NC
Home Depot N	16.00	- 1.13	- 6.6	17.38	15.00	27.88	12.00	15,723	6.29	1.83	243.7	29.1	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp N	36.63	- 1.75	- 4.6	41.50	36.00	41.50	26.75	85,179	6.80	1.62	319.8	8.8	1.24	3.4	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos N	27.50	- .75	- 2.7	29.63	27.00	29.63	16.25	12,388	3.42	1.25	173.6	16.5	.32	1.2	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General A	8.00	.75	10.3	8.13	6.88	8.50	4.63	5,045	4.45	1.29	245.0	27.6	.00	.0	NEW	9 mos.	09-84	123.9	327.2	2.0	122.2	.18	200.0	344.3	335.8	4.8	45.5	.42	- 16.0
Natl Lumber M	5.75	.75	15.0	6.00	5.00	9.25	4.50	683	1.21	.58	108.6	16.9	.00	.0	NEW	6 mos.	06-84	33.5	13.6	.4	- 66.7	.07	- 73.1	62.4	16.4	.7	- 41.7	.13	- 50.0
Pay N Pak N	14.25	.63	4.6	14.50	13.13	17.50	11.50	3,537	3.54	1.32	168.2	12.6	.60	4.2	NEW	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash N	19.88	.50	2.6	21.25	19.00	21.25	13.50	25,288	7.82	2.16	262.0	16.0	.16	.8	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd O	1.25	.25	25.0	1.75	1.00	3.75	1.00	71	.39	.20	95.0	NE	.00	.0	NEW	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc N	15.75	.88	5.9	15.88	14.88	15.88	11.38	2,434	1.84	.95	234.5	11.3	.52	3.3	NEW	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck N	35.13	- .38	- 1.1	36.88	34.75	37.63	29.50	77,943	2.17	.83	161.4	8.5	1.76	5.0	.....	9 mos.	09-84	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind N	15.13	- .13	- .8	15.25	14.63	22.50	13.25	2,898	3.12	1.53	103.9	NE	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.27	NE	587.5	15.8	13.1	NE	.89	NE
Std Brd Prt N	20.13	- .25	- 1.2	21.25	19.50	22.00	16.50	7,590	6.81	1.65	312.7	11.4	.54	2.7	NEW	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen N	37.88	1.25	3.4	38.75	35.75	38.75	19.25	3,209	1.80	.91	97.8	15.3	.42	1.1	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wickhan Lumber M	6.38	.25	4.1	6.38	5.75	6.38	4.00	2,363	4.04	.70	477.1	11.8	.16	2.5	NEW	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	NC	103.0	22.8	1.8	38.5	.31	NC
Wholesalers																													
Lewis Palmer M	9.63	.38	4.1	9.75	8.63	9.63	7.09	1,845	4.94	1.45	240.7	38.5	.28b	2.9	.....	6 mos.	07-84	40.3	19.9	.5	- 28.6	.15	NC	69.4	17.0	.8	.0	.25	NC
Manufacturers																													
Allegheny Int N	28.50	2.00	7.5	28.75	26.75	28.75	18.75	1,624	1.54	.78	97.4	14.4	1.40	4.9	.....	9 mos.	09-84	585.3	6.1	10.2	209.1	.01	NE	1761.2	2.6	32.5	NE	.02	NE
Am Standard N	32.88	- 1.88	- 5.4	35.38	32.25	35.38	22.88	6,546	1.68	.66	154.5	14.1	1.60	4.9	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	67.4	51.1	1.68	3.7
Armstrng Wrld N	37.63	1.38	3.8	37.88	36.13	37.88	22.25	6,770	2.84	1.59	78.6	9.9	1.20	3.2	NEW	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker N	26.00	.00	.0	26.50	24.50	26.88	17.25	21,533	4.28	1.52	181.6	13.3	.64	2.5	NEW	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed N	26.25	2.25	9.4	27.13	24.00	27.13	15.50	3,768	1.99	.95	251.8	12.1	.70	2.7	NEW	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl N	23.63	- .63	- 2.6	26.75	23.00	26.75	16.88	28,158	3.04	1.76	72.7	NE	.40	1.7	NEW	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp A	21.75	2.25	11.5	22.25	19.50	22.25	13.63	209	1.74	.37	370.3	10.8	.16	.7	NEW	fiscal	12-84	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc N	35.63	.00	.0	36.25	34.63	36.25	21.50	594	1.06	.41	158.5	10.1	1.40	3.9	.....	9 mos.	09-84	114.4	22.0	5.9	28.3	1.06	29.3	329.2	19.3	15.9	14.4	2.85	14.0
Emhart Corp N	32.13	1.63	5.3	32.13	30.13	32.13	24.53	3,462	1.44	.49	183.9	9.8	1.27b	4.0	NEW	fiscal	12-84	448.7	.8	25.2	- 11.9	.69	- 33.0	1795.0	6.5	90.0	6.8	3.27	6.9
Georgia-Pacific N	26.00	.25	1.0	26.63	25.25	26.63	18.00	46,282	4.51	1.96	130.1	12.1	.80	3.1	.....	9 mos.	09-84	1880.0	10.0	83.0	2666.7	.74	2366.7	5334.0	10.5	218.0	144.9	1.99	142.7
Insilco Corp N	20.50	.50	2.5	20.63	19.25	20.63	14.00	2,747	1.92	.60	134.8	10.7	1.00b	4.9	NEW	fiscal	12-84	180.9	12.1	7.3	5.8	.42	5.0	786.9	16.7	33.0	- 3.8	1.91	- 4.5
La Pacific N	24.63	.59	2.5	24.75	23.88	24.88	16.50	6,677	1.88	.99	89.9	30.8	.78b	3.2	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.18	50.0	946.3	16.9	21.2	1.9	.59	- 3.3
Macmillin Bldel N	20.50	- .88	- 4.1	22.25	20.50	24.47	17.19	103	.04	.03	33.3	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.80)	NE
Manville Cp N	8.13	1.88	30.0	8.50	6.00	11.75	5.50	36,598	15.25	1.93	690.2	6.9	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.2	.92	55.9	1400.9	7.9	59.0	- 10.6	1.68	- 26.0
Masco Corp N	31.50	- .25	- .8	33.50	30.50	33.50	22.50	9,072	1.61	.75	114.7	14.4	.56	1.8	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum N	44.00	- .25	- .6	44.63	40.13	44.63	27.00	6,881	4.42	1.84	140.2	6.9	1.76	4.0	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos N	18.50	- .38	- 2.0	18.75	18.00	18.88	13.25	923	1.08	.45	140.0	11.8	.50	2.7	.....	9 mos.	09-84	67.6	- 2.3	3.1	- 20.5	.36	- 21.7	218.6	32.6	10.0	6.4	1.16	4.5
Owens Corning N	36.75	1.25	3.5	36.88	35.13	36.88	25.13	12,341	4.19	1.58	165.2	9.5	1.40	3.8	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Pope & Talbot N	19.50	1.00	5.4	19.63	18.75	22.75	15.00	483	.81	.31	161.3	18.2	.80	4.1	.....	9 mos.	09-84	83.2	26.8	(.6)	- 100.0	(.10)	- 100.0	241.7	14.2	4.1	- 52.3	.69	- 52.1
Potlatch Cp N	34.63	.13	.4	35.00	33.63	35.00	25.75	1,247	.81	.75	8.0	12.7	1.56	4.5	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms N	35.00	2.13	6.5	35.00	32.25	35.00	22.25	6,259	2.75	1.10	150.0	12.6	.76	2.2	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.11	16.8	1573.7	4.6	55.9	16.2	2.43	23.4
Stanley Works N	29.38	- .50	- 1.7	30.38	28.50	30.38	19.50	5,888	2.12	1.36	55.9	11.6	.96	3.3	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
Thos Inds N	18.00	.13	.7	18.75	17.63	18.88	12.38	849	1.00	.31	222.6	9.9	.62b	3.4	.....	9 mos.	09-84	79.5	38.7	4.3	22.9	.50	- 5.7	214.6	31.7	12.0	51.9	1.41	35.6
Triangle Pac N	28.75	.25	.9	29.00	27.88	29.00	20.75	1,110	2.73	.69	295.7	8.7	1.00	3.5	.....	9 mos.	09-84	71.5	15.1	4.3	30.3	1.02	22.9	207.5	24.1	10.7	25.9	2.59	23.3
USG Corp N	64.50	- 3.88	- 5.7	70.38	62.00	70.38	45.00	9,634	5.85	2.26	158.8	6.2	3.00	4.7	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim N	35.88	- .50	- 1.4	36.75	34.50	36.75	22.00	6,874	3.28	1.66	97.6	8.2	1.20	3.3	NEW	3 mos.	11-84	558.3	- 1.1	27.1	21.0	1.24	- 3.9	558.3	- 1.1	27.1	21.0	1.24	- 3.9
Waxman Ind O	16.25	2.00	14.0	17.00	14.25	17.00	4.13	770	4.54	1.17	288.0	12.5	.06	.4	NEW	6 mos.	12-84	20.4	121.7	.5	150.0	.30	NC	40.9	109.7	1.2	200.0	.70	NC
Weyerhaeuser N	32.50	- .25	- .8	33.38	31.13	34.00	25.00	20,856	1.61	.85	89.4	21.4	1.30	4.0	NEW	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

General Field Footnotes

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

FINANCIAL NEWS

Trump Group takes tighter hold over Pay 'n Save's operations

(Continued from page 1)

ber, Hendricks told *NHCN*, "I don't see that much changing in our company under new owners."

Changes are taking place, however, and can probably be traced back to Pay 'n Save's 1983 acquisition of 58-store Schuck's Auto Supply, in which two Schuck's executives received 18.4% of Pay 'n Save's stock.

Long-time Pay 'n Save executives apparently feared that the Schuck's principals, Samuel Stroum and Stuart Sloan, would take over the company. They found White Knights in the Trump brothers, who agreed to assist in converting Pay 'n Save to private ownership. After some bargaining, Stroum and Sloan agreed to tender their shares.

Silent no longer

The prevailing opinion had been that the Trumps (Julius and his brother Edmund) would then play the role of silent partners and let existing management continue to hold the reins.

That didn't happen, and some observers say the reason is in part due to the company ending its fiscal year, Feb. 2, reportedly with a severe decline in profits. For the first half profits fell 64%. The company has not released later figures, but Konschuh said earnings were about $30 million for the year ended Jan. 28, 1984, "and we definitely will make a profit this year." He added, however, "We have not had a very profitable year; we will admit that."

A spokesman for the Trumps referred all inquiries about Pay 'n Save to that company.

Like its corporate parent, Ernst's fortunes appear to be sagging despite a much-publicized three-year retrofit program that is sprucing up the chain's stores.

'84 earnings fall

The September prospectus on the Trump leveraged buyout plan forecast Ernst's 1984 sales at $316.8 million, with earnings declining 58.2%, to $4.6 million.

Other divisions are also undergoing management shakeups.

Jack Phelan, vp and president of the 33-unit Bi-Mart discount-drug chain, retired Feb. 2, reportedly in part due to differences with Trump.

Howard Jones, president of the company's Schuck's Auto Supply division since last spring, and Jim O'Sullivan, merchandise director of drug stores in the Pacific Northwest, both left in December.

The deal that took Pay 'n Save private resulted in $370 million in debt, Konschuh said, and to repay this amount,

ERNST home centers

"there is a strong likelihood that a division or more would be sold to help erase part of this debt."

Last year the company sold 12 of its 15 Sportswest sporting goods stores and there are reports that the Bi-Mart stores and three Yard Birds (family shopping centers in central Washington) are on the top of the list for possible divestiture.

Pay 'n Save is also negotiating lease buyback deals in which it will sell property it owns in exchange for long-term leases. "A good chunk of the real estate we own, we will be selling," Konschuh confirmed.

The actual merger with the Trump Group will be finalized sometime this spring. Under terms of the deal, about 9.4% of the company will be owned by 13 Pay 'n Save executives, including Boston, but control will be in the Trump's hands.

More autonomy now

Konschuh said until the merger is finalized, an organizational chart showing the corporate hierarchy will not be developed. He acknowledged, however, that there is more autonomy at the divisions level under the Trump management.

Elaborating, Konschuh said, "There is a definite move amongst the upper level of the corporation toward a division autonomous function. . . . Julius meets with the divisions continually. It's a team-building thing."

Erickson, Hendricks and Bean (whose father founded Pay 'n Save in 1947) are "still involved in the strategic planning for all divisions with Julius Trump," Konschuh said. "It's not true that those guys are out. We're putting more emphasis on the heads of divisions to perform day-to-day operations. In the case of Ernst, it will be Bill Boston."

"There is a transition going on at the Pay 'n Save Corp., we've got to admit it," said Konschuh. "But change is good. If you don't have change, you're going to die. We're looking at the transition as a very positive move."

Low margins a problem

The Ernst stores had been specifically mentioned by Pay 'n Save management in the first half of fiscal 1985 as being poor performers, with lower gross margins being a particular problem. Last year, Ernst phased out sporting goods departments which had been a high margin category.

Last summer, Mack DuBose, formerly a regional manager for W. R. Grace's western home center division, was brought aboard as director of merchandising for Ernst. In recent months the chain has been remerchandising stores to reflect a stronger emphasis on big-ticket project-related items.

The company's new state-of-the-art MIS system now being installed on the second floor at corporate headquarters is a "positive" development, Konschuh said. "We will double the data processing staff" to implement the new system.

Wolohan now on Nat'l Market list

SAGINAW, Mich. — Wolohan Lumber was placed on the NASDAQ National Market System List Jan. 22. The $130 million chain of 34 stores will now trade on a real-time basis, so that all transactions are reported immediately on the stock pages.

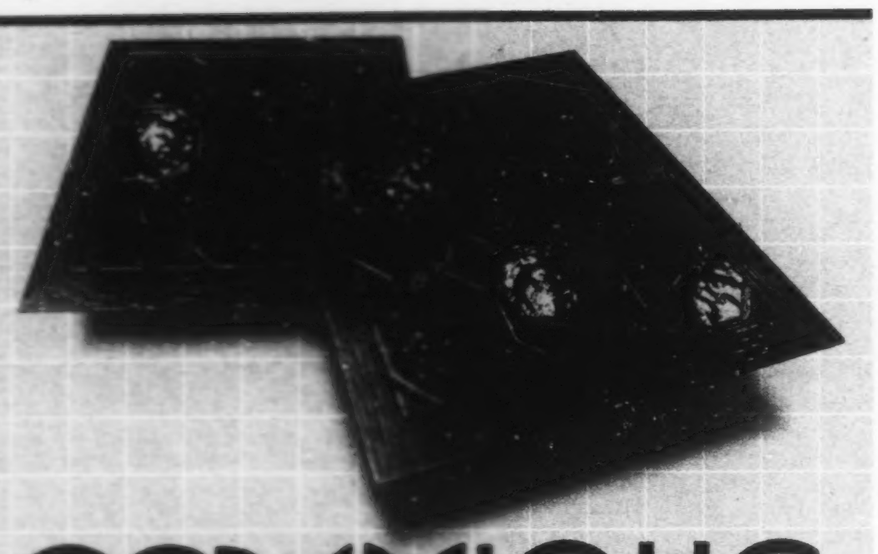
Previously, the company was listed on NASDAQ's "bid-and-asked" list, which did not include daily volume.

Clarifications

The Feb. 11 story "Cold snap spurs sales, but snow buries Texas" misidentified one source. Ken Ogilvie is the advertising director for Alamo Enterprises of San Antonio, the nine-unit subsidiary of Evans Products, not Alamo Lumber Co. as stated in the story.

A chart in the Jan. 28 issue, page 19, showed U.S. Housing Starts totaling 1,014,678 starts in 1984 and 540,602 for single family starts, plus a regional breakout, but failed to note that these were totals for metropolitan areas only. The figures were taken from estimates by the National Association of Home Builders.

The total United States figure, for rural nonmetropolitan and metropolitan areas, came to 1.74 million with 1.047 million for single family starts, as noted in the accompanying story.



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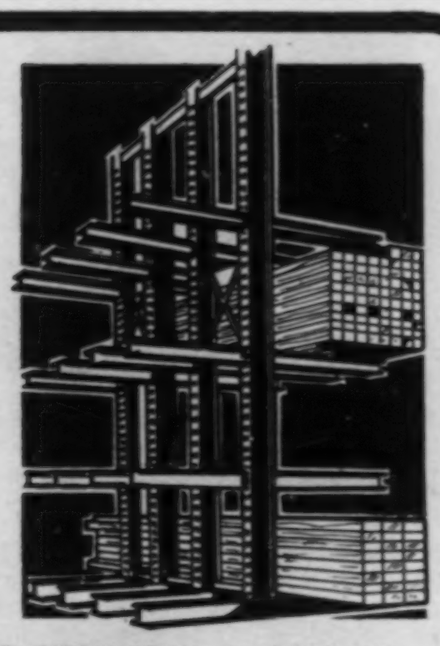

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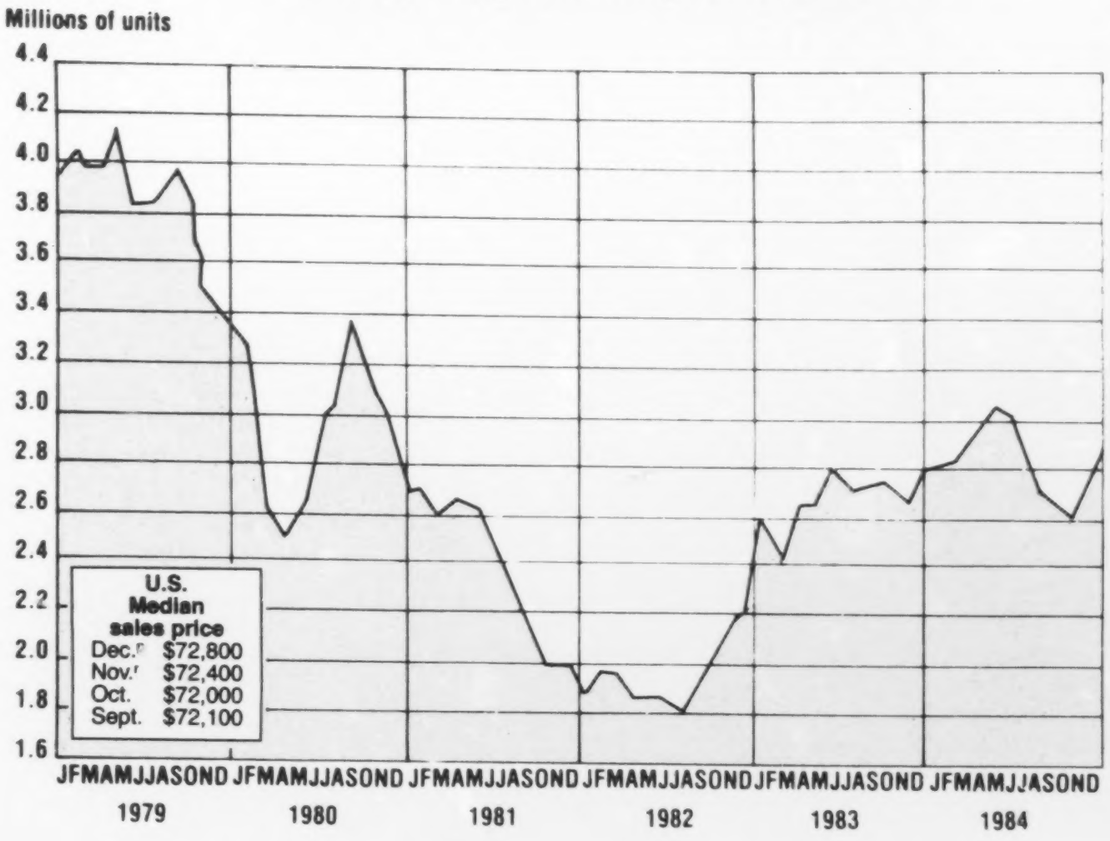
HOUSING WATCH

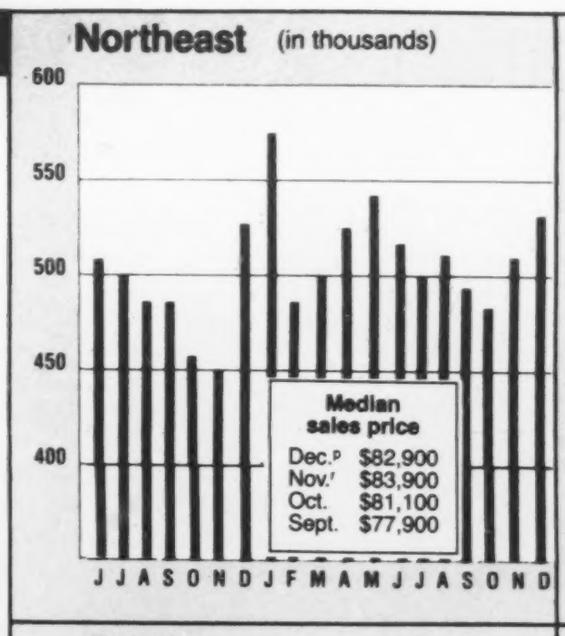
Existing single-family home sales

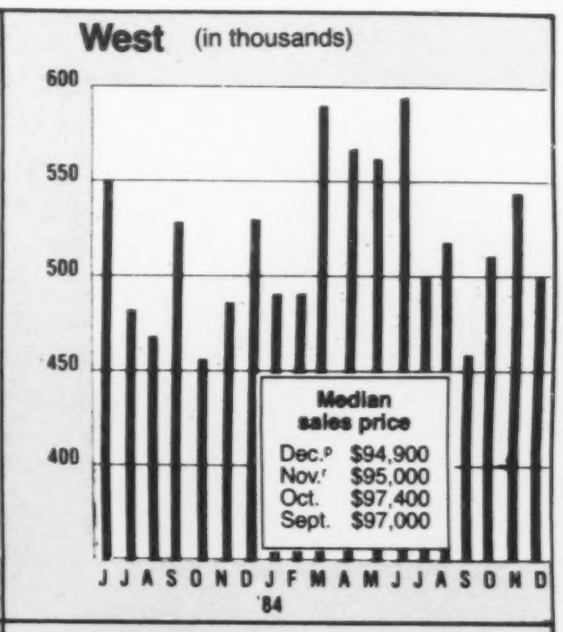


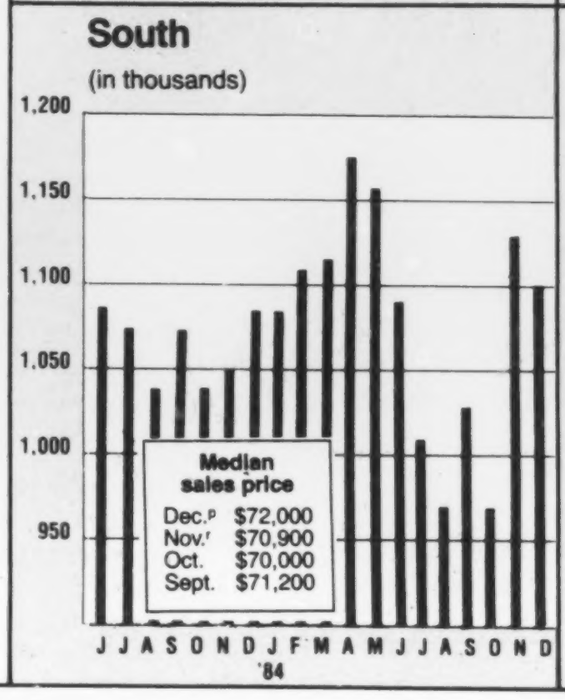
The number of home resales in 1984 was the highest since 1980 with 2.97 million existing homes sold according to the National Assn. of Realtors. This is 5.5% above 1983's figure of 2.72 million. The median sales price of an existing single family home in the United States was $72,900 in December 1984, up 3.6% from December 1983's figure of $70,300.

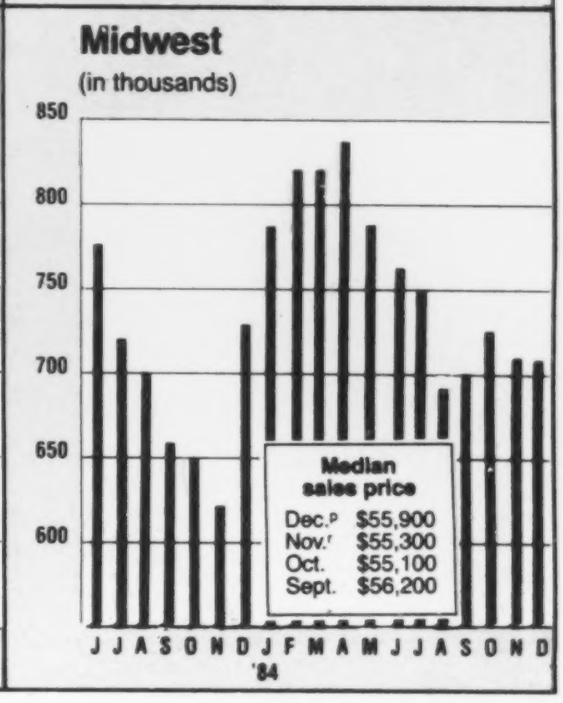
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









Improved housing affordability lifts '84 home resales

WASHINGTON — Lower mortgage interest rates helped existing single-family home sales in 1984 rise to their highest level in four years, according to the National Association of Realtors.

During 1984, 2.87 million existing single-family homes were sold, which is 5.5% higher than in 1983 when 2.72 million were sold.

"Improving housing affordability was clearly the reason for the increase in home resale activity last year," said David Roberts, president of the association.

The key factor behind improved affordability in 1984 was the availability of adjustable-rate mortgages. Their initial low rates meant that more people could enter the housing market. The average effective rate on mortgages closed in 1984 (including initial ARM's) was just under 12.5% according to the Federal Home Loan Bank Board. This compares with a rate of 12.85% in 1983 and 15.38% in 1982.

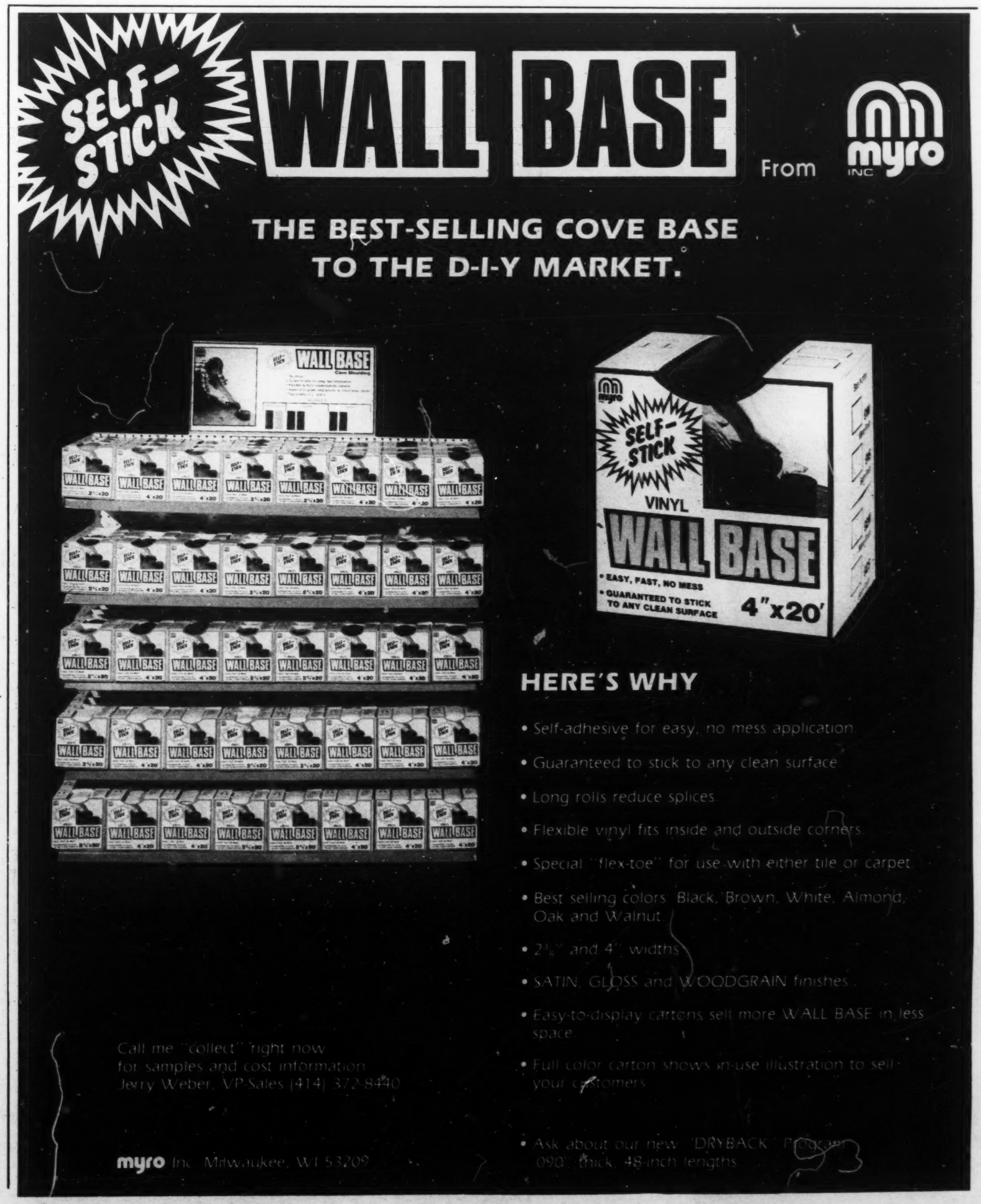
Low rates also encouraged new home sales to rise to 639,000 units in 1984, the highest on record since 1979 when 709,000 new homes were sold and 2.6% above 1983's total.

Although all regions experienced a growth in resale activity between 1983 and 1984 the strongest increases occurred in the West where 528,000 single-family units were sold. The region had a strong first half and resale activity was up 9.8% above 1983 with 528,000 existing single-family homes sold.

The Midwest also started the year strongly and had a 6.6% increase in resale activity from 1983 with 756,000 units sold. Home resales in the Northeast were steady throughout 1984 and ended 3.7% above 1983 with 511,000 units sold.

Although the South continues to be the main region for resale activity, home resales were very slow between June and October and total resales ended up 3.7% higher than 1983.

The median sales price of an existing home continues to vary greatly between the regions. The West has the highest median resale price at $94,900 for December 1984.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LUMBER REPORT

Company cars, plywood suit, tax issues occupy lumbermen

WASHINGTON — The Internal Revenue Service's new regulations pertaining to the use of company cars and check disbursements from the plywood antitrust settlement seem to be top issues on the minds of the nation's lumbermen.

"Dealers are really concerned about the IRS's requirement that they must keep contemporaneous, accurate records of automobile business usage," said Harry Horrocks, director of Government affairs for the National Lumber & Building Material Dealers Association (NLBMDA) in Washington, D.C. The lumbermen are worried that the new IRS rules could erode the tax breaks on company cars.

Horrocks added that he has been receiving many calls from dealers inquiring about their share of the pie in the settlement of the plywood antitrust suit against lumber manufacturers. Horrocks said that check disbursements from the settlement, with occurred two years ago, should begin in May.

The NLBMDA is monitoring these two questions and it is actively lobbying Congress on other key issues. The lumbermen's group is paying a great deal of attention to congressional action on reducing the Federal budget deficit and the curtailment of Federal programs that might pertain to retailers. "We're very concerned about the deficit's affect on interest rates for mortgages and for small-business borrowings," Horrocks said. The huge deficit will drive interest rates higher as the Government competes with institutions and individuals in the public debt market.

After dealing with the deficit and anticipated budget cuts, the NLBMDA will consider the Treasury Department's tax reform proposal. "We are opposed to the regulations that could limit the deductibility of interest on second homes and the elimination of other exemptions and credits such as the investment tax credit," Horrocks commented. Under the Treasury's proposal, a retailer who purchases a new truck, for instance, could lose the investment tax credit and the new vehicle would be subject to a slower depreciation timetable. Therefore, the dealer's tax liability would be increased.

"We're the best housed nation in the world due, in large part, to our tax laws. To deprive taxpayers of some of these housing-related deductions would be like killing the goose that laid the golden eggs," commented Horrocks. The lumber dealers' group is also opposing proposed rules that would tax employee fringe benefits such as health insurance.

On the issue of Canadian lumber imports, the NLBMDA is walking a fine line. About one-third of all the lumber sold by its members is Canadian, while on the other hand, lumber suppliers in the United States are suffering from depressed commodity prices. "Our policy now is to oppose tariffs on Canadian lumber imports, but at the same time, encourage trade representatives on both sides to reach an agreement," added Horrocks.

Champion to shut 7 Western plants

STAMFORD, Conn. — Champion International Corp. will close building products plants in seven West Coast locations, but company officials say it won't have any impact on their ability to supply product to distributors.

"Besides what we manufacture in our own mills, we buy a lot of building products on the outside," explained Bob Conley, vp-manufacturing. "There are other manufacturers on the West Coast and we'll be buying more from them."

The plant closings will affect about 2,000 of Champion's 50,000-employee workforce. Chairman and ceo Andrew C. Sigler said, "We've lost immense amounts of money in this business and couldn't see any end in sight. It's been a major drain."

Champion expects to take a write-off of between $120 million and $150 million, reflecting the sale or closure of facilities in addition to losses on timber-cutting contracts with the U.S. Forest Service.

FUTURES

Two weeks ended Jan. 24, 1985

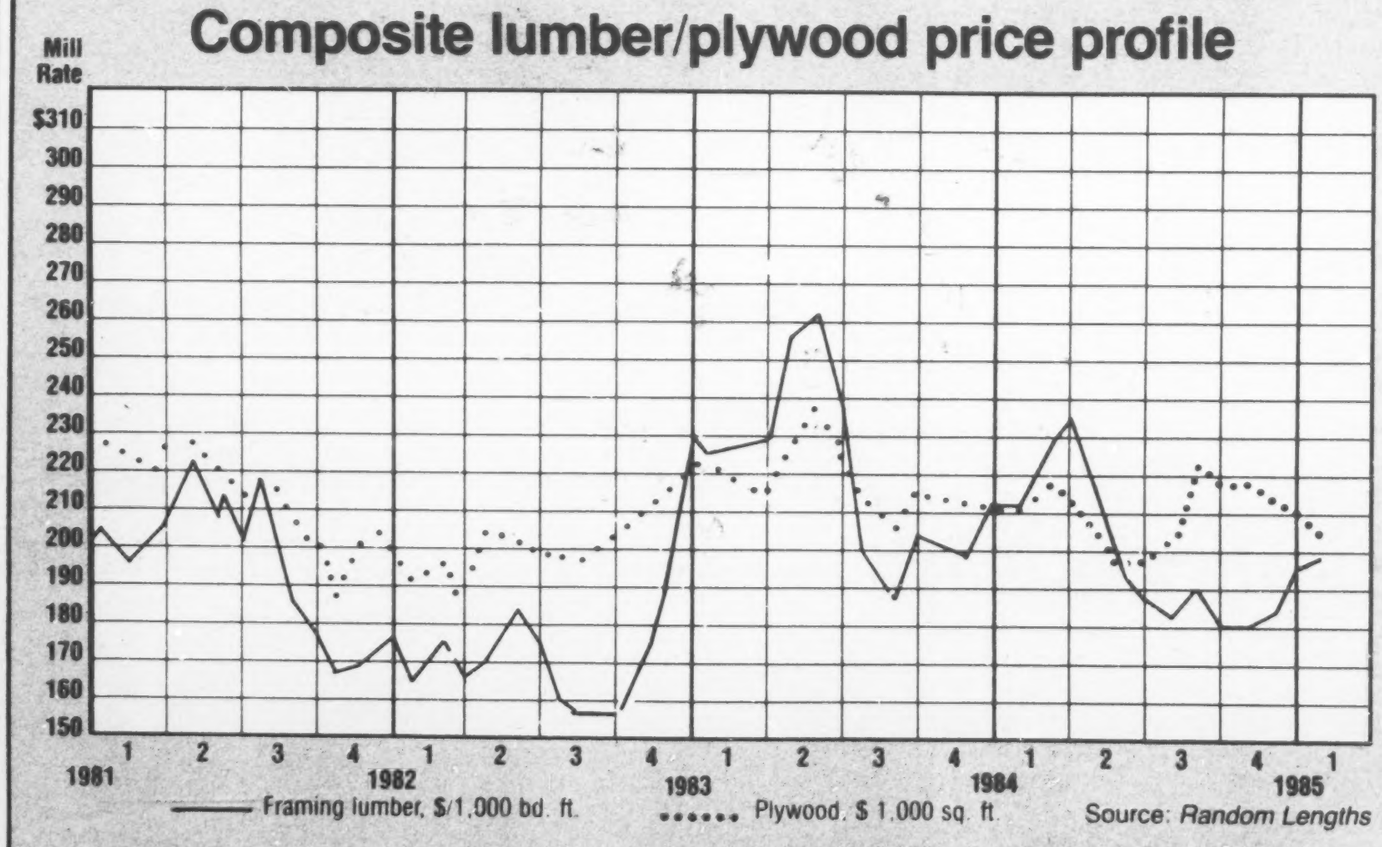
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Mar. '85	161.30	154.40	159.90	156.50	4,409	221.30	130.30
May	170.30	163.20	169.00	164.20	2,167	220.40	139.30
July	176.30	169.50	174.70	170.30	1,296	225.00	147.00
Sept.	179.50	173.60	179.40	174.20	708	230.50	153.00
Nov.	180.80	177.30	180.40	177.90	879	197.50	157.50
Jan. '86	184.80	182.00	184.50	182.00	180	186.10	167.30
March	188.20	186.00	187.50	—	35	188.20	173.50

Total Contract Vol. (Through 1/24): 25,445 — **Previous Two Weeks: 23,300**
Total Open Interest (As of 1/24): 9,696 — **Previous Week: 10,387**
Cash Price: $155.82 — **Previous Week: $161.70** — **Year Ago: $164.64**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Jan. 24.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

While framing lumber prices jumped in December and edged even higher in January, prices for plywood continued to erode. The hoped for activity last fall never materialized as volume plywood sales were rare and buyers bought to fill inventory holes or to supply job sites.

The composite framing lumber price was $196 per thousand board feet in December and $198 in January, up sharply from November's $184.

The plywood composite dropped to $210 per thousand square feet in December and dipped again to $204 in January.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

SYSTEMS & OPERATIONS

Security spending rises in '84; high tech devices gain popularity

NATIONAL REPORT — Retailers budgeted 18% more for security last year than they did in 1983, according to a new study from Arthur Young, a New York accounting and consulting group.

Retail store shrinkage dropped by 10% last year, the study found.

Most of the increased expenditures were devoted to higher technology devices for the control of shrinkage. While nearly 70% of retailers said that guards were still the method they used most often to control theft, some of the new technologies were cited as being very effective.

"Clearly, retailers are supplementing traditional loss control measures with less visible and more technological devices," said Errol M. Cook, the Arthur Young partner who spearheaded the study team. The turn toward technology was further reflected in the fact that more retailers than ever—60% of respondents—said electronic tags were the most effective devices for controlling shrinkage. Stores also reported that point of sale (POS) technology, was very effective in cutting losses. In particular, they pointed to systems that duplicate sales transactions on a cash register located in the security department. This technology is a further extension of the type of cash register that has, in the past, created a duplicate internal sales tape that cannot be accessed by sales register operators.

Television monitors were favored primarily by larger retailers and mass merchandisers.

The study noted that shrinkage, which includes losses due to shoplifting, pilferage and poor paperwork control, decreased 10% last year, to a level of 1.9% of store sales. Factors cited for the decrease included not only higher expenditures on security devices, but also vigorous prosecution. Stores are now taking to court 2 out of 3 of those persons apprehended, and are winning convictions on more than 90% of those prosecuted.

Retailers participating in the survey said that shoplifters were typically over the age of 18, as likely to be male as female, and employed more often than not. Some 56% of retailers said they felt that shoplifters planned on stealing merchandise before they entered the store rather than reaching such a decision while inside the store, a finding that bucks some traditional thinking concerning shoplifters' motives.

Among employees, far more theft occurred at POS—some 40%—and on the selling floor—about 22%—than in the stockroom and the warehouse.

Retailers attributed 44% of their total shrinkage to employee theft, 30% to shoplifters and 4% to vendor thefts. Another 22% was attributed to poor paperwork.

Participants in Arthur Young's sixth annual security survey represented 176 mass merchandisers, department stores and specialty stores, operating in more than 33,000 locations, with more than $109 billion in sales.

Security devices judged to be among the most effective

Device	% of respondents
Electronic tags	60%
Guards	17
POS technology	15
Observation booths	13
Visible TV monitors	13
Limited access areas	10
Concealed TV monitors	8
Lock and chain devices	8
Mirrors	2

Because of multiple responses, figures total more than 100%.
Source: Arthur Young; *NHCN* chart

In a new study by the New York accounting firm of Arthur Young, retailers responded that they believed electronic tags were the most effective devices for controlling shrinkage.

Electronic bug killer sales show a healthy increase in 1984

NATIONAL REPORT — Electronic bug killer unit sales showed a healthy 15% increase last year, compared to 1983, and the Electronic Pest Control Assn. (EPCA) predicts strong sales increases again this year.

Estimated 1984 unit sales rose to 2.7 million from 2.3 million in 1983.

The EPCA assembles data from United States manufacturers and estimates of units imported by foreign or domestic firms.

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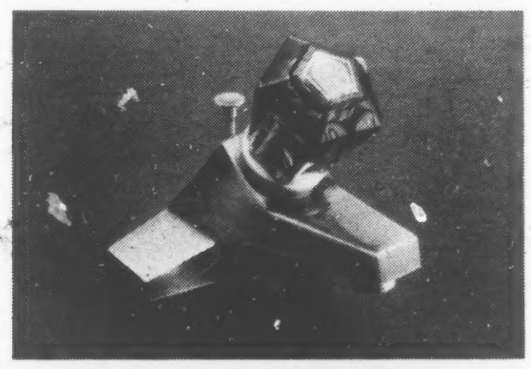

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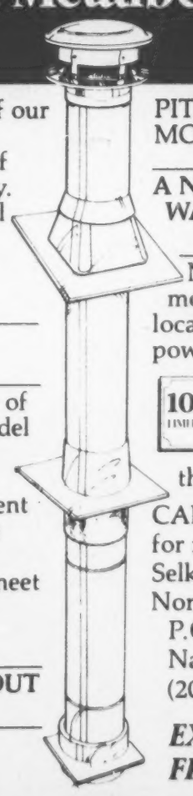

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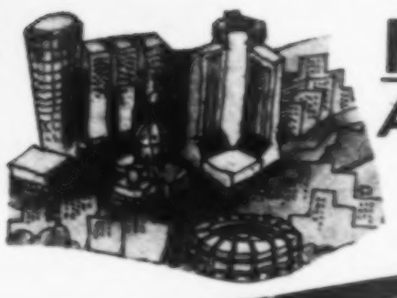

HOME CENTER SHOW SPECIAL:

Atlanta's best home center retailers—page 21

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Vol. 11, No. 6 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. March 11, 1985

MR. HOW SHAKEUP:

Sher resigns; Zimmerman takes charge

MARGATE, Fla. — Pat Sher and Steve Dougherty, the president and executive vice president of Mr. HOW Warehouse here, resigned on Feb. 25 from the company Sher founded three years ago.

Raymond Zimmerman, president and ceo of Mr. HOW's parent company, Service Merchandise, the Nashville-based catalog showroom chain, will replace Sher, at least temporarily, as president of the home center subsidiary. He told *NHCN* that his plans called for shuttling between his offices in Florida and Tennessee every 10 days.

(Continued on page 222)

Brightly lit aisles flanked by deeply stocked warehouse racks characterize the flagship store of the new Home Quarters Warehouse in Virginia Beach, Va. NHCN photo

Grace opens first real warehouse stores in chain

By Phillip M. Perry
NHCN senior editor

VIRGINIA BEACH, Va. — Home Quarters Warehouse scheduled a Feb. 28 grand opening for the first two stores in a projected chain of warehouse home centers. The move represented an attempt by the $6.7 billion W. R. Grace &.Company to establish a full-scale warehouse home center operation.

Grace launched HouseWorks in March 1983 as a warehouse venture but has so far opened only seven units, which it now regards as "super stores".

The company has scheduled an initial period, lasting until midyear, to review the performance of the new Home Quarters (HQ) stores and make any alterations in the formula before rolling out more units. The company declined to comment on the number of stores it would build or the regions involved.

Grace's flagship warehouse store, consisting of an 82,000-sq.-ft. showroom, in a former Woolco, with a 15,000-sq.-ft. outside garden supplies area, is positioned along busy Virginia Beach Boulevard about six miles from the shore. It doubles as the chain's headquarters. A second unit, with some 72,000 sq. ft. of shopping space plus a 20,000-sq.-ft. outside area, a former Montgomery Ward, is located about 27 miles away, in the town of Hampton, Va.

Although Grace is a relative latecomer to the warehouse home center field, it has in some ways learned from its HouseWorks experience and the experience of others. In particular, signing in the store is larger than that used by some competing chains, and its positioning makes it much easier for shoppers to locate departments. Additionally, its inventory control system is "go" from Day One, allowing the floor people to spend their time in the selling effort rather than in counting merchandise.

(Continued on page 224)

Home Shop files for Chapter 11; fate rests on credit line approval

By John Caulfield
NHCN senior editor

JACKSONVILLE, Fla. — Saddled with close to $8 million in debt, and with 23 stores generating only $150,000 in weekly sales, The Home Shops Inc. has filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

An emergency hearing in Bankruptcy Court here was scheduled for March 4, at which Home Shop officials will seek court approval for an $800,000 line of credit from the chain's lead bank, Bank of Virginia in Richmond.

Home Shop's very survival could hinge on that decision, as its stores have been operating since January with virtually no credit, and have not been receiving merchandise from any of its vendors. "That's a pretty bad way to run a retail operation," said E. A. "Skip" Couser, chief operating officer for the chain, who came in last November from the 17-unit Scott's chain in Baltimore, where he was vp-operations.

He and Home Shop's new president, William Ulm, have spent the past three months reorganizing the chain (*NHCN*, Jan. 1), and Ulm, in a prepared statement, said the Chapter 11 filing would provide Home Shop with a "breathing spell".

But even if it gets this new credit line, which appeared likely, it remains to be seen if the original concept of a chain of successful convenience hardware/housewares stores, developed by Home Shop's parent, American Shelter Industries, can be realized, or whether Home Shop's new management team is more adept at running things than were previous executives.

(Continued on page 223)

NEWSBREAKS

MOORE'S LARGEST STORE. Moore's opened its largest store to date on Feb. 11, a 77,000-sq.-ft. warehouse (its fifth) located within the Pembroke Mall in Virginia Beach, Va. The unit also has a 42,000-sq.-ft. outdoor area which includes the market's first drive-thru lumberyard.

Yard-Pro Warehouse aims to become 'Home Depot' of lawn & garden business

BOCA RATON, Fla. — Two former executives of Mr. HOW Warehouse have left that company to open a chain of warehouse lawn and garden centers.

Jack Getzinger and John Tilton are now, respectively, the president and executive vp of "Yard-Pro! Warehouse," a company with plans to build four new stores in Broward County over the next eight months, and another 46 specialty units in southern Florida within the next five years.

Getzinger, 39, was Mr. HOW's hardware and plumbing merchandise manager, and previously worked for Lindsley Home Centers in Miami. Tilton, 41, who will also be merchandise manager of the new firm, bought electricals for Mr. HOW, and opened its first store in Coconut Creek, Fla. And,

(Continued on page 223)

INSIDE:

Menard's restrained *from selling alleged knockoffs* . . . . **Page 2**
Williams Brothers launches *ambitious expansion, remerchandising program* . . . . . **Page 3**
White's shifts strategy *to automotives* . . . . . **Page 3**
Handy Andy adding *more stores in Chicago* . . . . . **Page 3**
Mr. Goodbuys' new warehouse *has department store appeal* . . . . . **Page 38**
What's in a name? *Companies choose store names to attract the right kind of customer* **Page 86**
Retailers illuminate *reasons behind their new in-store lighting systems* . . . . . **Page 149**
Woodbury's, *the $24 million, New York State independent, retrofits its flagship for more retail impact* . . . . . **Page 164**
Personality Profile: Bob McNulty. *Desire to win ingrained in HomeClub's founder* . . . . . **Page 212**

Grace's Lil' Red leaps into large cast of industry cartoon characters
—Page 79

Family-run independent takes home's needs a few steps further
—Page 160

PART II ***—Page 101***

NHCNews Briefs

Industry Update

O'Malley closes two stores

PHOENIX — O'Malley Building Materials has closed two stores—one in Phoenix and one in Tucson operating under the Handy Andy name—and plans to close a third store in the Paradise Valley section of Phoenix.

Perry Steinhoff, advertising manager for the 17-unit chain, said none of the affected stores have outside lumberyards, and "we are trying to retrench by attracting customers to our strength—a complete lumber selection."

The Phoenix store at 52nd Avenue and Indian School closed Dec. 29, and the Tucson unit closed Dec. 24.

Meanwhile, O'Malley on March 6 held a grand opening in Tucson as part of a promotion in which the three remaining Handy Andy stores which O'Malley bought in 1983 were changed to the O'Malley name. "We just want the stores to be rediscovered by the Tucson residents," Steinhoff said.

Steinhoff said there was no timetable for closure of an O'Malley unit in Paradise Valley at Cactus and 32nd Street, where O'Malley is reducing inventory.

Depot opens Bowater buy-outs

DALLAS — Home Depot held a grand reopening Feb. 21 for the nine Bowater home centers it acquired late last year. Six units are located in this city, one each in Baton Rouge and Shreveport, La., and another in Mobile, Ala.

The company installed new signing, opened up stockroom areas to the public, removed mezzanines, installed additional pallet racking, and re-laid most of the checkout areas over an eight-week period, just prior to the opening. Showrooms now range from 65,000 sq. ft. to 80,000 sq. ft.

The stores, purchased for $40 million in a swift, opportunistic move, had represented to many observers the opening act in the inevitable consolidation of the warehouse home center industry. (*NHCN*, Nov. 19, 1984.)

CBS strikes new Belknap deal

STURGIS, Mich. — Central Builders Supply Co. has renegotiated an agreement with the new ownership of Belknap, Inc., the Louisville hardware distributor: It will have Belknap supply CBS lumber dealers with hard lines from its 51,000 sku selection.

CBS and Belknap had reached a similar agreement last summer, about the same time Belknap underwent an almost complete change in management following its merger with the Concord Corp. division of Humana, a health care company, on June 29. Belknap's president, secretary-treasurer and director of purchasing all resigned from the newly private company (*NHCN*, July 30, 1984).

"We were afraid that Belknap might want to change our agreement, which would be quite damaging to us now that we're soliciting dealers from 30 states," said Phil Pobanz, CBS's general manager. The nonprofit buying group currently services 425 dealers in 23 states.

Pobanz thought the renegotiated settlement, which he hammered out with Tom Luster, Belknap's vice president and a former executive with HWI, was "actually an improvement over our original deal, in terms of incentives and cash rebates."

He also noted that Belknap's recent warehouse expansion into Charlotte, N.C., and Dallas would facilitate CBS's own growth plans.

Ole's relocating headquarters

PASADENA, Calif. — Ole's Home Centers, acquired by W. R. Grace last July, will vacate its current 39,000-sq.-ft. office complex here and relocate to Grace's 50,000-sq.-ft. western region offices in Brea, Calif.

Harvey Knell, president of the 90-store western region, said no date for the move has been established. He added that although Brea is a bigger facility, "we'll have to get a satellite facility" nearby to accommodate all employees.

Hacienda sets 6th unit opening

ALBUQUERQUE, N.M. — Hacienda Home Centers, New Mexico's largest home center chain (1984 estimated sales: $25 million) has set March 28 for the grand opening of its sixth store.

The store, a 40,000-sq.-ft. ex-Gibson discount store on 7½ acres, is the chain's first outlet situated within the city limits of Albuquerque (*NHCN*, Nov. 19, 1984).

The new outlet, located at 7512 Fourth St. N.W., will include a drive-thru lumberyard. The 40,000-sq.-ft. showroom will be the largest in the chain.

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Vol. 11, No. 6 March 11, 1985

Menard's agrees to temporary restraining order in work bench infringement case

CHICAGO — Menard's, the Eau Claire, Wis., retailer, has agreed to a stipulated temporary restraining order to stop selling two work bench products that are alleged to be knockoffs of merchandise made by Hirsh Co., the Skokie, Ill., manufacturer.

On Jan. 18, Hirsh filed suit against Menard's, claiming that a work station and stool sold under the dealer's private label infringed on the rights of Hirsh's products.

This suit amended a Jan. 11 filing against Collins Co. Ltd., a trading firm, which Hirsh claims is importing knockoffs of several of its lines, and was originally thought to have been supplying Menard's.

According to Richard Redmond, one of the attorneys representing Menard's from Walsh, Case, Coale, Brown & Burke in Chicago, said the connection betwen his client and Collins was made by Hirsh because a Menard shipping box is visible behind merchandise displayed in photographs in one of Collins' brochures.

However, Redmond contends that Menard's and Collins "have never done any business."

Permanent injunction

A Chicago court has since issued a permanent injunction by reason of default against Collins, which never defended itself in court. "It wasn't like they weren't notified," said Pamela McKenna, an attorney with Welsh & Katz, Hirsh's representation, which is now seeking damages from Collins.

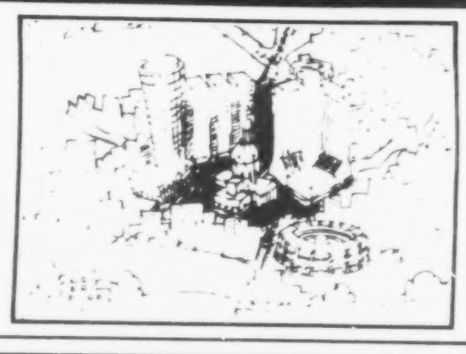
Additional suit

Menard's will continue to desist selling the merchandise in question until some resolution to the suit is found. Currently, each side is in discovery and is awaiting to see if a preliminary injunction hearing is forthcoming. Menard's is also in discovery in another suit filed last October by Household International, which alleged the chain was selling faucets that infringed on the "Aqua-Line" tradename of U.S. Brass, a Household subsidiary.

Highlights in this issue

National Home Center Show Special

- *Atlanta's home building activity and strong economy provide a rich market for home center operators. Major chains now run 47 home center outlets in Atlanta. Independents operate about an equal number.* NHCN *has selected eight "should see" home centers.* **—Page 21**
- *Seminars at the National Home Center Show will focus on both large and small companies (show schedule).* **—Page 33**



Merchandising

- *Carpeting rolls out of more home centers.* **—Page 45**
- *Millwork and treated wood sales to rise.* **—Page 48**
- *Automotives: Why home centers pass on a booming market.* **—Page 53**
- *Lumber Outlook: Short-term demand slow; long-term growth rises.* **—Page 47**
- *Shoppers lift drop ceilings to decor.* **—Page 58**
- *Dealers expect step-up sales in power mowers.* **—Page 64**
- *Home centers expand their lawn and garden departments.* **—Page 70**

Advertising & Marketing

- *Bevy of cartoon characters enlisted for DIY ads.* **—Page 79**
- *San Diego Glass & Paint gets more bang for its ad buck.* **—Page 81**
- *Despite all the "homes" in the DIY industry, choosing a new name can be difficult work.* **—Page 87**
- *Renovator's Supply plans 400-unit growth.* **—Page 88**

Canadian Home Center Outlook

- *The DIY derby heats up: Dealers woo consumer business.* **—Page 152**
- *Dunlop Consumer Products rolls out new retail retrofit program.* **—Page 156**
- *Cashway accomplishes turnaround with new retail aggressiveness.* **—Page 158**

Systems & Operations

- *New plant reflects Scotty's pro business commitment.* **—Page 143**
- *DIY videotex use poised for dramatic increase.* **—Page 148**
- *Lighting takes on new home center importance.* **—Page 149**

- *All American adds 19 service booths to store.* **—Page 138**
- *Andersen and dealer clash over trade name use.* **—Page 140**
- *Pittsburgh independent grows amid economic adversity.* **—Page 141**
- *Rural independent retrofitting its flagship store for more retail impact.* **—Page 164**
- *Former executives reflect on the state of the industry.* **—Page 93**
- *McNulty: desire to win, energy and timing are key personality traits of HomeClub's founder.* **—Page 212**
- *Consumer magazines help shape DIY ideas for future projects.* **—Page 195**

Index

Ad Angles	81, 85
Calendar	180, 182
Classified	217-222
Corrections	5
Editorial	8
Financial News	4
Home Center Trivia	136,137
Housing Watch	10
Lumber Report	16, 18
New Products	169-178
New S&O Products	208
People	12
Washington View	8

PART II—The Personnel Challenge

Tapping the industry's most precious resource

- *Raiders of the sought-after executive: The industry's growth heightens the demand for "good people."* **—Page 102**
- *Store manager burnout: Expanded hours and fierce competition place more stress at the store-level.* **—Page 107**
- *Sharing the wealth helps retailers attract and keep talented workers.* **—Page 108**
- *Treasury tax proposal could dull ESOPs' shine.* **—Page 110**
- *Industry execs begin to address training needs.* **—Page 112**
- *Tailored health care plans help control costs.* **—Page 130**

FINANCIAL NEWS

23 Gainers

2 Unchanged

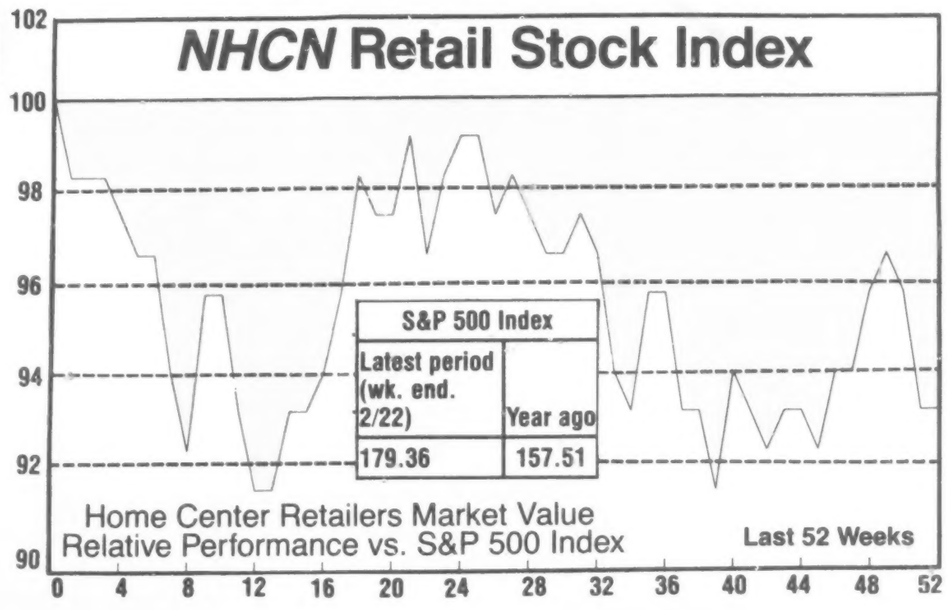
29 Losers

The stock market in general appeared to be taking a breather from last month's active pace as no clear upward or downward trend emerged over the past two weeks. And, the situation for home center stocks was no different than for the entire market.

Industry stocks turned in a greatly mixed performance over the last two-week period, ended Feb. 22, with 23 issues gaining ground, 29 stocks declining and two remaining unchanged. For the second consecutive two-week period, the *NHCN* Retail Stock Index stood at 94.0, relative to the S&P 500 Index, which closed 21.85 points above its year-ago level.

Top winners included Lowe's Cos., Home Depot, Homecrafters Warehouse, Hechinger and Evans Products. A securities analyst who follows Evans said that the recent wide swings in the stock's price and trading volume were brought about by arbitragers speculating on the firm's unclear future.

Lowe's, which ended the period at $29.25, hit its 52 week high of $30 during the previous two weeks. Home Depot shot up from $16 to $18.75, Homecrafters edged up to $9.63, up $1.13, Hechinger B closed at $27.25, a $1.50 rise, and Evans stood virtually unchanged at $5.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Triangle Pac N	6,280	717.5	6.1
Potlatch Cp N	9,166	534.0	- 4.7
Hines Ed Lumber O	200	386.7	- 3.6
Color Tile M	16,638	384.7	4.0
Certain-teed N	6,287	341.3	- .5

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Wolohan Lumber M	2,451	319.0	3.9
Clopay Corp A	209	270.2	6.3
Waxman Ind M	936	249.4	12.3
Erb Lumber O	67	226.1	10.5
Natl Lumber M	1,108	203.1	19.6

TOP GAINERS

Company & Market	2-Weeks Ended 2-22-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Natl Lumber M	6.88	19.6	1,108
Evans Prod N	5.00	17.6	2,657
Home Depot N	18.75	17.2	10,803
Homecrafters Whse M	9.63	13.2	2,814
Waxman Ind M	18.25	12.3	936

TOP LOSERS

Company & Market	2-Weeks Ended 2-22-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Sherwin-Wms N	31.00	- 11.4	7,766
La Pacific N	22.25	- 9.6	9,435
Emhart Corp N	29.50	- 8.2	2,107
SW Forest Ind N	14.00	- 7.4	2,009
Lewis Palmer M	9.00	- 6.5	882

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 2-22-85; 2-Weeks Change: Amt., Pct.; 2-Week Range: High, Low; 52-Week Range: High, Low. Volume: 2-Weeks Shares Traded: Total, % Out; 12-Week Avg. Vol. As % Out; Volume Trend Change. P/E Ratio.

Financial Update — Indicated Divd. Rate: Amt., Yld. Latest Report: New Report, Period, Date Ended. Latest Quarter: Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg. Year-to-Date: Revenue Amt., Chg.; Net Income Amt., Chg.; E.P.S. Amt., Chg.

Company and Market	2-Weeks Ended 2-22-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Boise Cascade N	41.88	- 2.25	- 5.1	44.25	41.88	44.63	32.50	10,182	3.68	1.89	94.7	18.8	1.90	4.5	.....	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile M	19.38	.75	4.0	20.00	18.63	20.00	13.63	16,638	18.08	3.73	384.7	13.0	.00	.0	.....	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros N	35.63	- 1.13	- 3.1	37.00	35.50	39.75	32.50	1,623	1.60	.60	166.7	8.2	1.60	4.5	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber O	21.00	2.00	10.5	22.00	19.00	24.50	18.00	67	.75	.23	226.1	9.8	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod N	5.00	.75	17.6	5.25	4.00	7.88	3.00	2,657	1.92	.88	118.2	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent A	21.63	- .13	- .6	22.00	21.50	22.00	15.00	38	.09	.30	- 70.0	69.8	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	40.50	- 1.13	- 2.7	41.25	40.00	44.50	36.50	10,910	2.25	.98	129.6	10.1	2.80	6.9	.....	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A M	24.75	- .13	- .5	25.00	24.50	25.00	13.50	1,096	1.57	1.28	22.7	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	27.25	1.50	5.8	27.50	25.50	27.25	14.00	982	.54	.33	63.6	24.8	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber O	40.50	- 1.50	- 3.6	42.50	40.50	43.75	32.50	200	1.14	.23	395.7	27.4	1.00	2.5	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Homecrafters Whse M	9.63	1.13	13.2	10.00	8.00	16.25	5.25	2,814	9.97	3.64	173.9	45.8	.00	.0	.....	fiscal	12-83	NC	NC	NC	NC	NC	NC	104.5	NC	.8	NC	.21	NC
Home Depot N	18.75	2.75	17.2	19.00	15.75	27.88	12.00	10,803	4.32	1.94	122.7	34.1	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp N	35.25	- 1.38	- 3.8	37.38	35.25	41.50	26.75	61,992	4.95	1.90	160.5	8.4	1.24	3.5	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos N	29.25	1.75	6.4	30.00	27.13	30.00	16.25	6,297	1.74	1.19	46.2	17.5	.32	1.1	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General A	7.50	- .50	- 6.3	8.13	7.13	8.50	4.63	2,068	1.82	1.36	33.8	25.9	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	122.2	.18	200.0	344.3	335.8	4.8	45.5	.42	- 16.0
Natl Lumber M	6.88	1.13	19.6	7.50	5.75	9.25	4.50	1,108	1.97	.65	203.1	34.4	.00	.0	NEW	9 mos.	09-84	33.7	10.9	.3	- 66.7	.05	- 73.7	96.1	14.4	1.0	- 52.4	.18	- 60.0
Pay N Pak N	13.75	- .50	- 3.5	14.38	13.50	17.50	11.50	1,791	1.79	1.39	28.8	12.2	.60	4.4	.....	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash N	19.75	- .13	- .6	20.50	19.25	21.25	13.50	20,592	6.37	2.31	175.8	17.2	.16	.8	NEW	fiscal	11-84	330.5	31.7	9.5	- 6.9	.29	- 23.7	1174.4	35.9	37.2	7.5	1.15	- 10.9
Scott Seabd O	1.25	.00	.0	1.75	1.13	3.25	1.00	51	.28	.22	27.3	NE	.00	.0	.....	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc N	15.50	- .25	- 1.6	16.38	15.00	16.38	11.38	1,983	1.50	.59	154.2	11.2	.52	3.4	.....	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck N	35.50	.38	1.1	36.00	34.63	37.63	29.50	69,106	1.91	.87	119.5	8.9	1.76	5.0	NEW	fiscal	12-84	11097.7	2.1	558.3	- 4.2	1.54	- 6.7	38830.0	7.8	1450.0	8.0	4.01	5.5
SW Forest Ind N	14.00	- 1.13	- 7.4	15.13	13.88	22.50	13.50	2,009	2.16	1.43	51.0	16.9	.00	.0	NEW	fiscal	12-84	189.9	47.3	.9	NE	(.06)	NE	777.4	22.2	14.0	NE	.83	NE
Std Brd Pnt N	20.88	.75	3.7	21.00	20.00	22.00	16.50	4,937	4.43	1.87	136.9	11.8	.54	2.6	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen N	37.88	.00	.0	38.00	36.25	38.75	19.75	2,021	1.14	.93	22.6	15.3	.42	1.1	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wolohan Lumber M	6.63	.25	3.9	7.00	6.00	7.00	4.00	2,451	4.19	1.00	319.0	18.9	.16	2.4	NEW	9 mos.	09-84	41.6	18.5	1.1	83.3	.19	72.7	103.0	22.8	1.8	63.6	.31	63.2
Wholesalers																													
Lewis Palmer M	9.00	- .63	- 6.5	9.75	9.00	9.75	7.09	882	2.36	1.51	56.3	14.5	.28b	3.1	NEW	6 mos.	07-84	40.3	19.9	.5	- 28.6	.15	- 42.3	69.4	17.0	.8	.0	.25	- 24.2
Manufacturers																													
Allegheny Int N	27.38	- 1.13	- 3.9	28.25	27.13	28.75	18.75	899	.85	.65	30.8	NE	1.40	5.1	NEW	fiscal	12-84	354.1	- 44.0	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard N	33.38	.50	1.5	34.13	31.88	35.38	22.88	3,080	.79	.64	23.4	10.9	1.60	4.8	NEW	fiscal	12-84	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld N	35.88	- 1.75	- 4.7	38.00	34.75	38.00	22.75	8,571	3.59	1.67	115.0	9.5	1.20	3.3	.....	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker N	24.88	- 1.13	- 4.3	26.50	24.75	26.88	17.25	18,360	3.65	1.68	117.3	12.7	.64	2.6	.....	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed N	26.13	- .13	- .5	26.38	24.75	27.13	15.50	6,287	3.31	.75	341.3	12.0	.70	2.7	.....	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl N	22.38	- 1.25	- 5.3	23.88	22.38	26.75	16.88	24,854	2.68	1.75	53.1	NE	.40	1.8	.....	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp A	23.13	1.38	6.3	23.50	21.63	23.50	13.63	209	1.74	.47	270.2	11.4	.16	.7	.....	fiscal	12-84	36.4	13.8	.9	28.6	.75	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc N	37.00	1.38	3.9	37.50	35.63	37.50	26.50	418	.88	.46	91.3	10.4	1.40	3.8	NEW	fiscal	12-84	78.2	39.6	3.7	- 2.6	.71	6.0	407.4	22.7	19.6	10.7	3.56	12.3
Emhart Corp N	29.50	- 2.63	- 8.2	32.25	29.00	32.25	24.53	2,107	.77	.51	51.0	9.0	1.27b	4.3	.....	fiscal	12-84	448.7	.8	25.2	- 11.9	.69	- 33.0	1795.0	6.5	90.0	6.8	3.27	6.9
Georgia-Pacific N	25.38	- .63	- 2.4	27.38	24.75	27.38	18.00	26,280	2.56	1.97	29.9	26.2	.80	3.2	NEW	fiscal	12-84	1348.0	- 17.9	(99.0)	- 100.0	(1.02)	- 100.0	6682.0	3.3	119.0	13.3	.97	.0
Insilco Corp N	21.38	.88	4.3	21.38	19.88	21.38	14.00	3,402	2.00	.77	159.7	11.2	1.00b	4.7	.....	fiscal	12-84	180.9	12.1	7.3	5.8	.42	5.0	786.9	16.7	33.0	- 3.8	1.91	- 4.5
La Pacific N	22.25	- 2.38	- 9.6	24.75	22.00	24.88	16.50	9,435	2.74	1.12	144.6	18.1	.78b	3.5	NEW	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMilln Bldel N	19.00	- 1.09	- 5.4	19.84	18.88	23.97	16.84	128	.04	.02	100.0	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.78)	NE
Manville Cp N	7.75	- .38	- 4.6	8.63	7.75	11.75	5.50	6,327	2.64	2.04	29.4	6.6	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.2	.92	55.9	1400.9	7.9	59.0	- 10.6	1.68	- 26.0
Masco Corp N	32.00	.50	1.6	33.50	30.38	33.50	22.50	6,865	1.21	.69	75.4	16.0	.56	1.8	NEW	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	43.63	- .38	- .9	45.25	41.50	45.25	27.00	8,103	5.21	2.13	144.6	6.4	1.76	4.0	NEW	fiscal	12-84	429.2	38.7	25.2	37.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos N	17.63	- .88	- 4.7	18.88	17.50	18.88	13.25	653	.76	.43	76.7	10.9	.50	2.8	NEW	fiscal	12-84	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning N	35.38	- 1.38	- 3.7	37.00	35.38	37.00	25.13	6,968	2.36	1.61	46.6	9.1	1.40	4.0	NEW	fiscal	12-84	756.0	2.7	33.6	2.4	1.14	- .9	3021.2	9.7	113.9	42.9	3.87	39.7
Pope & Talbot N	19.88	.38	1.9	20.00	19.00	22.75	15.00	279	.47	.33	42.4	NE	.80	4.0	NEW	fiscal	12-84	79.1	6.5	(4.7)	- 100.0	(.79)	- 100.0	320.8	12.2	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp N	33.00	- 1.63	- 4.7	35.38	33.00	35.38	25.75	9,166	5.96	.94	534.0	11.8	1.56	4.7	NEW	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	31.00	- 4.00	- 11.4	35.25	30.88	35.25	23.00	7,766	3.45	1.22	182.8	10.9	.92	3.0	NEW	fiscal	12-84	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works N	29.63	.25	.9	29.88	27.75	30.38	19.50	5,212	1.93	1.52	27.0	11.4	.96	3.2	NEW	fiscal	12-84	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds N	18.25	.25	1.4	18.25	17.25	18.88	12.38	396	.47	.29	62.1	9.8	.62b	3.4	NEW	fiscal	12-84	77.1	30.7	3.9	11.4	.46	12.2	291.7	31.4	15.9	39.5	1.87	29.0
Triangle Pac N	30.50	1.75	6.1	31.25	30.25	31.25	20.75	6,280	15.45	1.89	717.5	9.2	1.00	3.3	NEW	fiscal	12-84	63.1	7.5	2.9	.0	.71	1.4	270.6	19.8	13.6	19.3	3.30	17.9
USG Corp N	69.25	4.75	7.4	71.25	61.50	71.25	45.00	9,142	5.55	2.49	122.9	6.6	3.00	4.3	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim N	36.38	.50	1.4	37.00	35.50	37.00	22.00	7,233	3.45	1.75	97.1	8.3	1.20	3.3	.....	3 mos.	11-84	558.3	- 1.1	27.1	21.0	1.24	- 3.9	558.3	- 1.1	27.1	21.0	1.24	- 3.9
Waxman Ind M	18.25	2.00	12.3	19.00	15.50	19.00	4.13	936	5.52	1.58	249.4	17.1	.06	.3	NEW	6 mos.	12-84	20.4	121.7	.5	150.0	.30	233.3	40.9	109.7	1.2	200.0	.70	204.3
Weyerhaeuser N	30.75	- 1.75	- 5.4	32.50	30.63	34.00	25.00	18,433	1.42	.89	59.6	20.2	1.30	4.2	.....	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

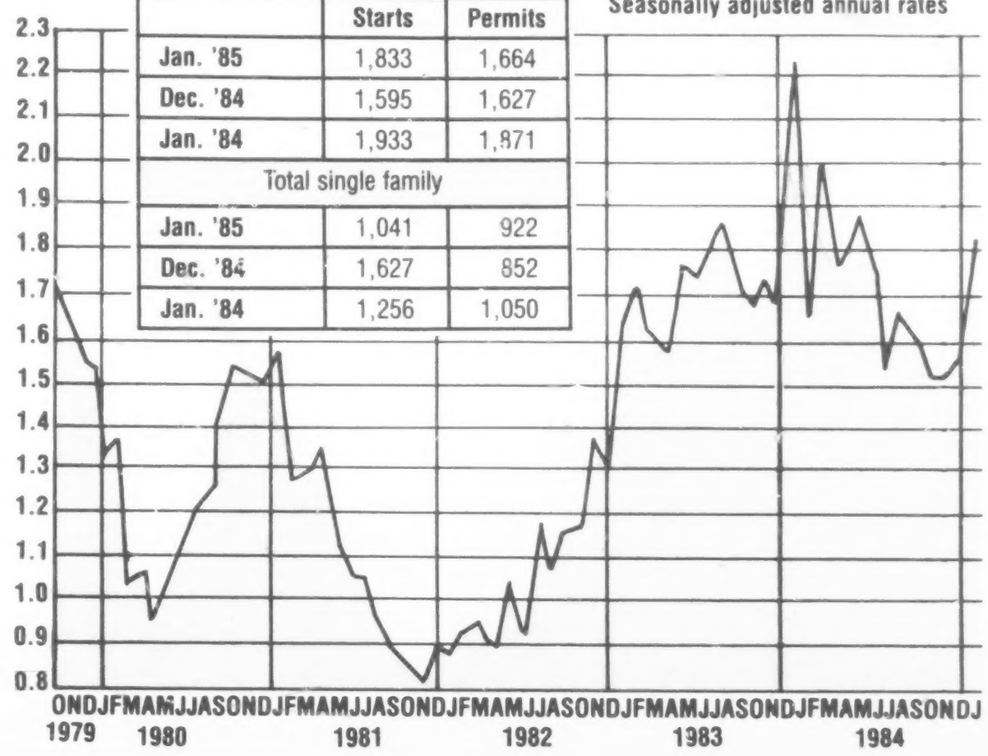
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
Jan. '85	1,833	1,664
Dec. '84	1,595	1,627
Jan. '84	1,933	1,871
Total single family		
Jan. '85	1,041	922
Dec. '84	1,627	852
Jan. '84	1,256	1,050

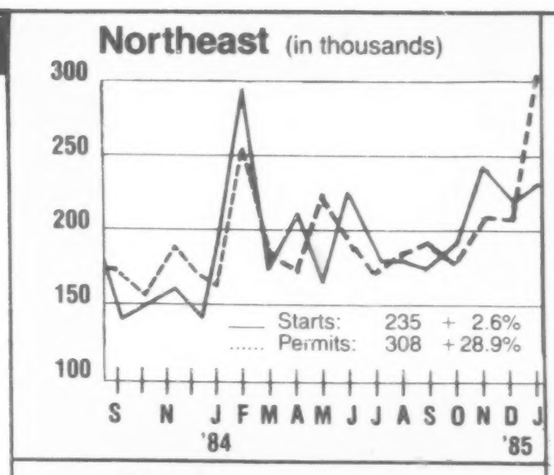
U.S. housing starts

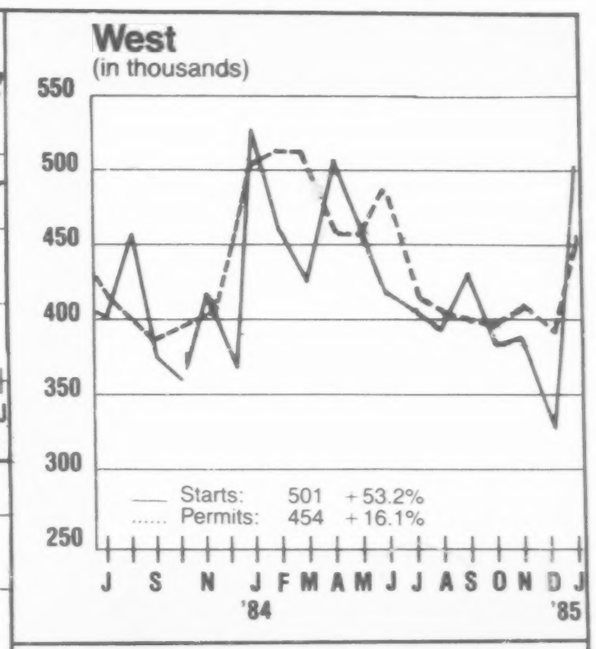
Seasonally adjusted annual rates

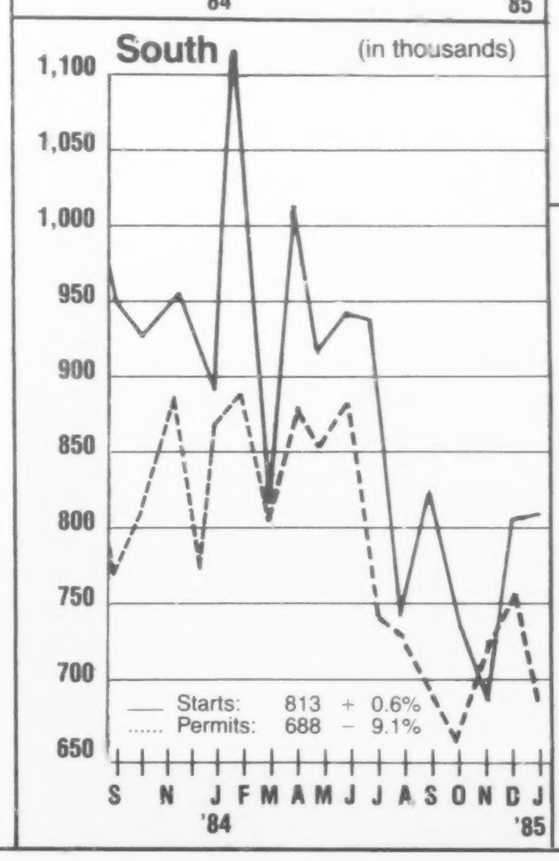


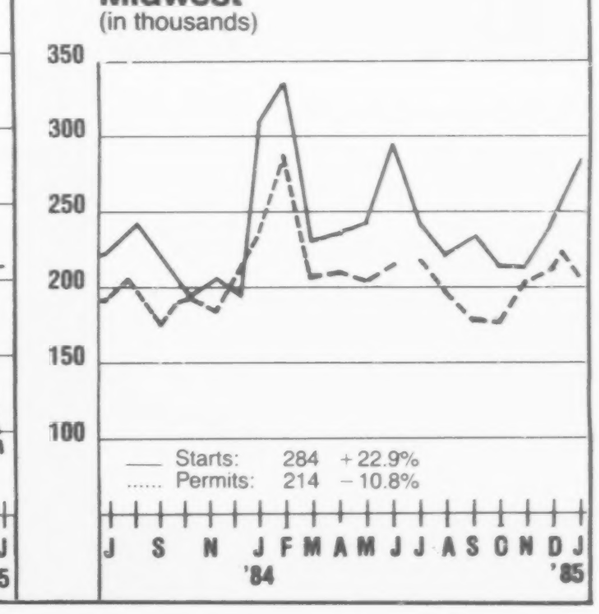
January's housing starts were higher than anticipated, with 1.83 million units, seasonally adjusted, up 14.9% from the previous month according to the Dept. of Commerce. The increase was due largely to multifamily starts as single-family starts dropped 4% from December to 1.04 million units. Total housing starts were strong in all regions but particularly in the West, which rebounded from December's low figure up 53.2% to 501,000 units, seasonally adjusted, its highest point since January 1984 recorded 53,000 units.

Source: Dept. of Commerce, Bureau of the Census









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January housing starts rise 14.9% above December

WASHINGTON — January jumped off to a surprising start for new home construction. New starts rose 14.9% above the previous month to 1.83 million units, seasonally adjusted, according to the Dept. of Commerce.

"This was largely due to multifamily housing, because builders push to start before tax proposals come in," said Gopal Ahluwalia, vp of economics at the National Assn. of Home Builders.

Multifamily starts rose almost 55% above December's figures to 792,000 units, seasonally adjusted; the greatest increase comes from buildings with five or more apartments. This is the highest level of multifamily building since July; 734,000 units were started then.

Although January's single family starts were down by 4.1% to 1.04 million units, seasonally adjusted, it is still a strong figure. "We're going to have a good six months ahead," said Ahluwalia.

Total housing starts rose in all regions, in part due to a response to the continued decline of interest rates. Fixed rates have now fallen below 13% which breaks the affordability barrier for many people, and thus, brings more home-buyers into the market.

The West had the highest increase in start activity in January, up 53.2% from the previous month with 501,000 units, seasonally adjusted. Although this large increase partly reflects low December figures, the level of start activity is the highest since January 1984, when 530,000 units were begun.

Building in the Northeast continues at a healthy pace with a 2.6% increase in start activity from January to December; this is 26% above January last year. Building permits, an indicator of future activity, rose nearly 29% in the Northeast, above December's level.

It appears that the housing market may well reflect last year's pattern, which was a very strong first and second quarter, with activity falling off in the third should interest rates rise.

LUMBER REPORT

Congress ponders limiting Canadian imports

WASHINGTON — The two-year threat of import duties on Canadian lumber, took sudden dimension Feb. 7, when 23 members of the U.S. House of Representatives introduced legislation to limit imports of Canadian softwood lumber, siding, shakes and shingles, and particleboard, for a five-year period.

The bill, H.R. 1088 or The Canadian Softwood Import Control Act, seeks to limit the Canadian imports to 25% of U.S. consumption—its "historical share," according to Rep. James Weaver (D-Ore.), one of the bill's main co-sponsors. As of mid-February, the legislation was being discussed by a House subcommittee at which U.S. and Canadian representatives had been invited to testify.

While the bill's aim, at least on paper, is to impose import tariffs, the intent is to bring about effective discussions and a satisfactory voluntary resolution of the Canadian softwood import controversy, according to Washington sources.

"We needed action in order to show that we're sincere on this issue," said Steve Buckner, legislative director for Rep. Larry Craig (R-Idaho), another co-sponsor. "We are trying to leverage voluntary action by U.S. and Canadian trade representatives."

A meeting was scheduled for Feb. 26 in Ottawa between officials from both Governments. The planned discussion was being hailed as the first meaningful step to resolve the issue. U.S. Trade Rep. William Brock has told members of Congress he is hopeful that this session will result in mutual understanding and appreciation of the problem facing the U.S. lumber and wood products sector.

Imports of Canadian softwood lumber have risen dramatically since 1975, shrinking demand for U.S. lumber products. Between 1978 and 1982, the consumption and production of softwood lumber by U.S. firms fell by nearly one-third, according to Representative Weaver's office. During the same period, imports of Canadian softwood lumber to the U.S. rose from 28% to 32% of our domestic market. In 1975, Canadian imports accounted for only 19% of U.S. softwood lumber consumption.

A variety of factors have contributed to the cutback in production by U.S. producers and the Canadian gains:

- Differences in appraisal and selling methods for timber have made Canadian stumpage prices about one-half U.S. Forest Service Region 6 prices in good market years, and in some years may be as low as one-sixth of Region 6 prices.
- Lower in-country rail rates favor Canadian lumber producers, creating a gap between

(Continued on page 18)

Commodity close-up: Western & Southern Plywood

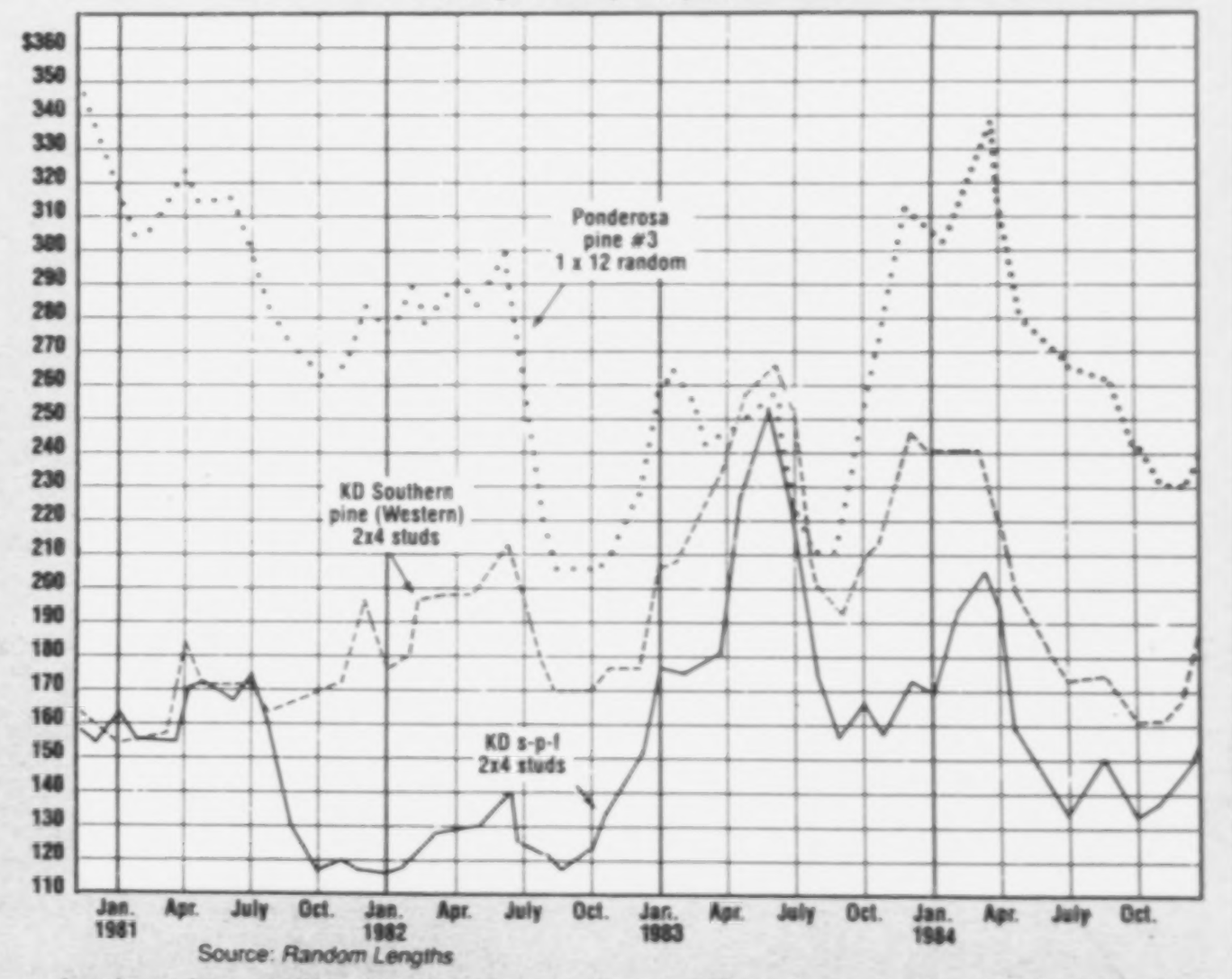
Average monthly mill prices

Prices for western plywood dropped drastically by the end of January, while southern pine plywood (western) prices remained stable. Western plywood sold for $189 per thousand square feet in January, down from December's $207 figure.

Southern pine plywood (westside), sold for $173 per thousand square feet in January, off slightly from December.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

Lumber prices continued to strengthen in January. KD southern pine (western) sold for $188 per thousand board feet, a slight rise from December's $187.

A thousand board feet of KD s-p-f studs sold for $160 in January, up $10 from December's figure. Ponderosa pine #3 1X12's were $258 per thousand board feet, up sharply from December's price of $236.

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FUTURES

Two weeks ended Feb. 14, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
March '85	152.00	145.70	149.40	150.00	4,043	221.30	130.30
May	162.20	155.00	160.20	159.10	2,477	220.40	139.30
July	169.30	162.10	167.40	165.60	1,039	225.00	147.00
Sept.	172.50	165.20	170.90	169.50	885	230.50	153.00
Nov.	173.20	165.80	172.00	170.10	899	197.50	157.50
Jan. '86	178.00	171.20	176.70	174.50	196	186.10	167.30
March	181.00	175.60	180.60	177.60	39	188.20	173.50

Total Contract Vol. (Through 2/14): 21,198 — **Previous Two Weeks: 25,950**
Total Open Interest (as of 2/14): 9,578 — **Previous Week: 10,198**
Cash Price: $148.96 — **Previous Week: $148.96** — **Year Ago: $184.24**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Feb. 14.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

LUMBER REPORT

Congress ponders new legislation to limit Canadian lumber imports

(Continued from page 16)

U.S. and Canadian transport costs. And, the Jones Act requirement that U.S. intracoastal trade use U.S. ships (which cost more than non-U.S. ships to operate) virtually prohibits waterborne shipments from the western U.S., to the East Coast.

• The exchange rate between Canadian and U.S. currency, however, is probably the most significant influence on Canadian lumber imports. The value of the U.S. dollar relative to Canadian currency has declined from near par in 1972 to 75¢ today. Canadian producers derive a tremendous advantage in paying production costs in Canadian dollars while receiving revenues in the higher valued U.S. currency.

Lumber producers on both nations face excess production capacity. In 1978, the only year in the past decade that housing starts rose above 2 million units, production and consumption of softwood lumber reached all-time highs. Now, demand has fallen off dramatically in the U.S. and Canada, and it is not expected to return to the heyday of the 1970's. Although many mills have closed or limited production, some industry observers believe there will be another shakeout before the situation stabilizes.

Lumber producers have become restless. In 1982, an association of 250 U.S. lumber mills filed a countervailing duty petition with the International Trade Association (ITA) and International Trade Commission (I.T.C.). They charged that Canada was subsidizing timber harvesting and the export of lumber into the U.S. The ITA ruled against the U.S. producers and found that Canadian stumpage programs did not provide the Canadian industry a subsidy.

Two months ago, the National Lumber and Building Material Dealers Association (NLBMDA) reported that some U.S. manufacturers have established a steering committee to investigate regulatory approaches to restrict Canadian lumber such as duties and antidumping provisions. And recommendations to Representative Weaver by U.S. manufacturers witnesses during a recent hearing ranged from a voluntary quota system by the Canadians to a complete Canadian lumber phaseout by 1990.

Some other U.S. lumber producers—mainly five large companies including Roseburg Lumber Co. of Oregon—are exploring the possibility of filing damage claims with the International Trade Commission. "Right now, we're gathering data on lumber production from a large number of manufacturers. Our attorneys think we have a good case for seeking compensation," said John Stephens, president of Roseburg Lumber.

If the carrot of negotiation fails, the bill's sponsors want the U.S. Government to use the tariff stick. "The legislation would empower the Secretary of Commerce to fix the percentage of Canadian softwood imports, depending on circumstances," added Buckner.

According to some observers, however, the bill is given a little chance for passage.

"The bill's sponsors really have little hope that the measure will be enacted," said Paul Ehinger, lumber industry consultant and former head of the Coalition for Fair Canadian Imports. The coalition had pushed for the countervailing duty claim against Canadian producers in 1982. Ehinger added that the congressmen viewed the proposed legislation as an additional bargaining tool or as "another chip to be used in negotiations."

Harry Horrocks, director of government affairs for the NLBMDA said, "Congress isn't going to do much until they have had a chance to evaluate the results of the Ottawa trade meeting." He added, "retailers, on the whole, are not in favor of any restrictions."

Sen. Mark Hatfield (R-Ore.) called the legislation "a pipe dream," saying it was not likely that the U.S. Department of State would allow any U.S. agency to create obstacles to Canada-United States trade because "Canada is our closest neighbor and friend."

Harry Horrocks agreed with Hatfield that trade restrictions would be unlikely because Canada is the U.S.'s largest trading partner. "More and more small- and medium-sized mills will be forced to close and the trade conflict could escalate, but duties are not likely."

Paul Ehinger said that there has to be some agreement between the two nations and he doesn't see the import tariff bill passing. Perhaps instead, the Canadians would monitor their lumber exports to the U.S. and "exercise restraint," according to Ehinger. He added that the future of lumber production in both nations could be bleak. "The Canadian lands are becoming less productive and with the low price of timber in the U.S., companies aren't investing in the industry. There could be lumber shortages down the road if this situation goes unsolved."

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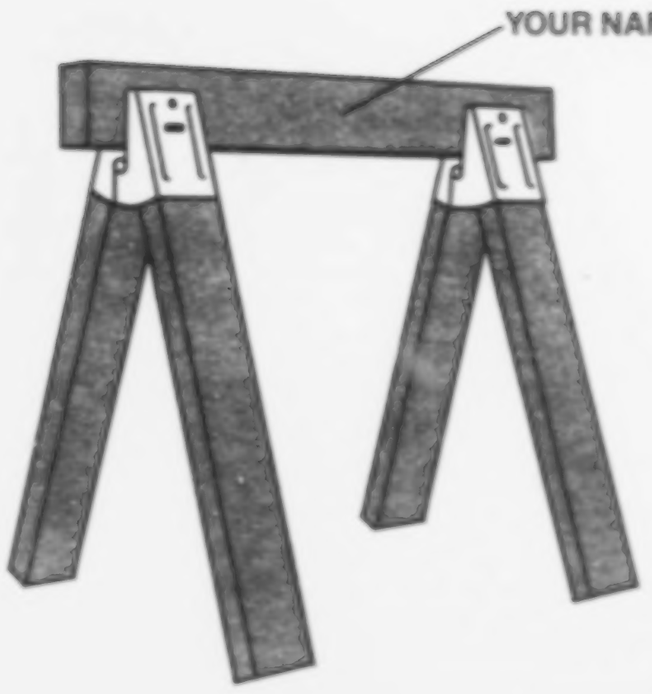

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SYSTEMS & OPERATIONS

DIY videotex use poised for dramatic increase

NATIONAL REPORT — The use of in-store videotex terminals in building materials outlets is poised for a dramatic increase, according to a new report from Frost & Sullivan, the New York market research firm.

Some 2,720 videotex installations are projected to be in place in building supplies outlets by the end of this year. The figure is expected to grow to 6,800 in 1986. Some 12,700 such terminals are projected to be in use by the end of 1987, and about 18,100 by the end of the following year.

The building materials, hardware and garden supplies segment of retailing "should be readily adaptable to in-store videotex demonstrations," according to the report. Do-it-yourselfers "invariably become involved in a dialogue concerning their various projects," stated the report, which added that "home gardening information has been the subject of radio and television coverage for decades, and electronic gardening seminars on nursery premises would be a natural extension."

Entitled "The U.S. Market for In-Store/Public Access Videotex," the new report estimated that only 1,000 installations of videotex terminals were in place in 1984. Of that number, some 750 were positioned in stores, while the remainder were in so-called "public access" locations. This term referred primarily to public areas in shopping malls, where the terminals are being used to direct shoppers to various stores for the products they want to purchase.

Most videotex terminals work with "touch screen" controls. Using this method, a customer will approach a free-standing terminal which has a television-like screen. Directions on the screen explain what parts of the screen should be touched in order to call up required information. The customer might touch a specific product category, and in return he receives information concerning in what part of the store that product can be found.

The total number of videotex installations is projected to increase to 111,200 by the end of 1986. Of this total, some 65,800 are expected to be in place in retail stores, while the rest should be in public access areas. By the end of 1988, the total figure should come to 400,000, with 274,400 in place in retail stores of all kinds.

Frost & Sullivan interviewed 18 major chain retailers for the report, along with 15 systems and hardware providers. The report also provided detailed reports of 12 videotex installations, including those under way at Sears, Roebuck, and at Wegmans Food Markets, parent company of Chase-Pitkin, the home center chain based in Rochester, N.Y.

Demand for In-Store Videotex Installations in Building Materials, Hardware and Garden Supplies Stores.

	1985	1986	1987	1988
Potential locations (000)	90.5	90.5	90.5	90.5
Penetration level (%)	2.0	5.0	7.0	10.0
Projected actual installations (000)	2.7	6.8	12.7	18.1
Hardware cost ($ millions)	13.6	33.9	63.4	90.5
Advertising/information cost ($ millions)	45.2	113.1	158.4	226.2

Projected Videotex Installations*

	Demand for Terminals		
	1983/84	1986	1988
Public Access	250	45,400	125,600
Retail Outlets	750	65,800	274,400
Total	1,000	111,200	400,000
	Videotex Industry Revenues ($ millions)		
Public access	12.5	529.4	1,168
Retail outlets	37.5	823.6	2,900
Total	50.0	1,353	4,068

Source: Frost & Sullivan, New York.
*Does not include shop-at-home videotex services.
NHCN chart

Computer helps independent with growing volume

(Continued from page 146)

tory control goes back to before the days of electronic processing at Ring's End. Prior to the installation of its first computer system in 1971, the retailer "had a manual inventory control system," according to David Campbell. "At that time, we were maintaining ledger cards for 4,000 individual items." Several salesmen spent a lot of hours updating these cards, on a daily basis.

"We were always sensitive to the needs of good inventory control," said Campbell.

The installation of the 2000-XP system at Ring's End recalls the origins of Dataline with that retailer in the early 1970's. Hugh Bell, who had worked as a software designer for close to two decades, was interested in starting a computer company that would focus on providing systems for one growth market. Although lumberyards were on his list of potential markets, Bell had't yet zeroed in on it until a computer forms salesman, Gerry Snider, informed him that Ring's End was considering taking on a computer system.

"Hugh came in and chatted with me and seemed to understand my problems better than other computer people," said Doug Campbell. The retailer cancelled a contract with IBM and hired Bell to develop a system.

After three months spent developing software, Bell linked Ring's End, via telephone wires, to his own computer setup in his basement in New Canaan, Conn. After perfecting the system in this manner, it was sold to other building supplies retailers.

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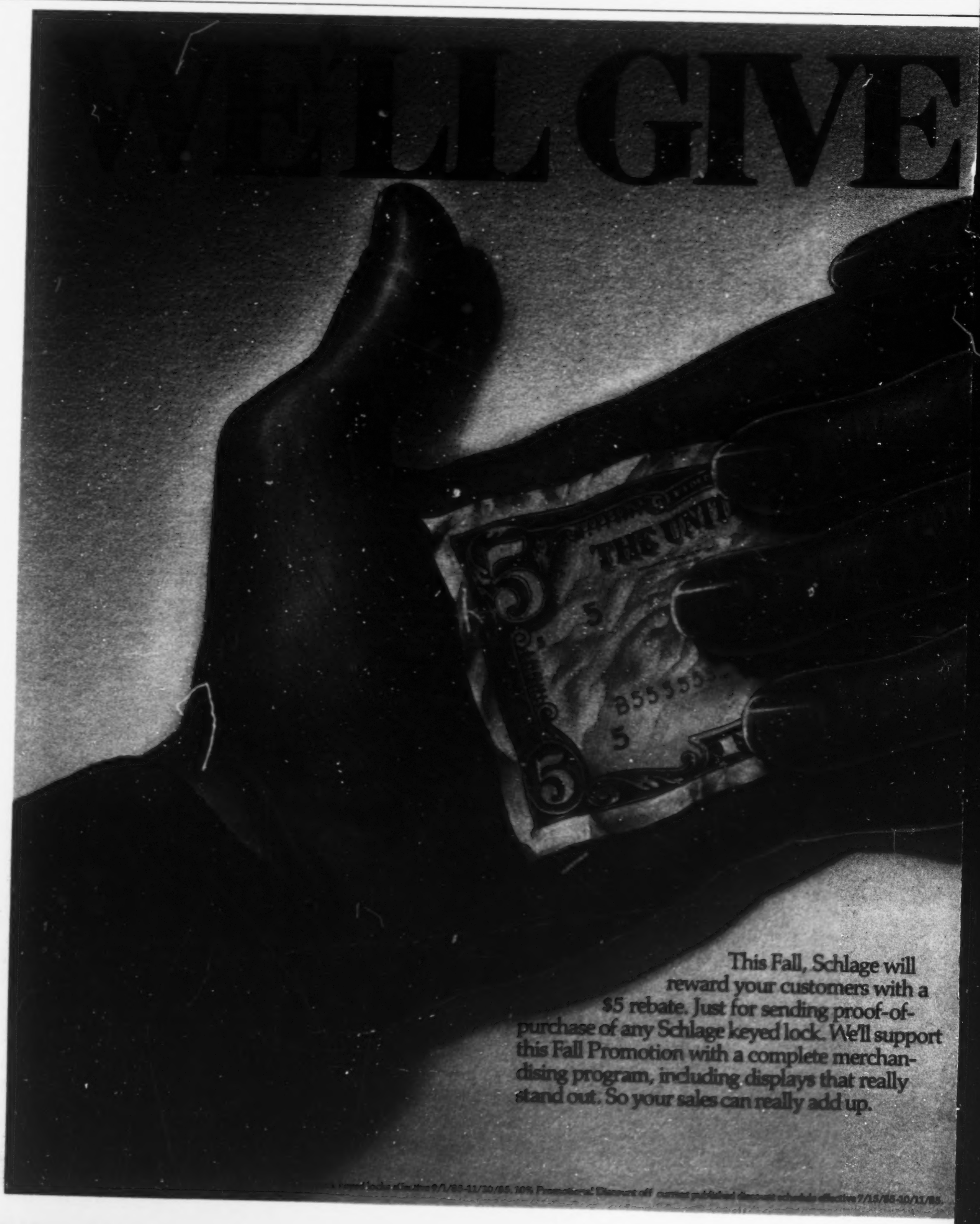
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Evans Products files for Chapter 11

The road to bankruptcy paved by onerous debt

By Ronald R. Gurczynski
NHCN associate editor

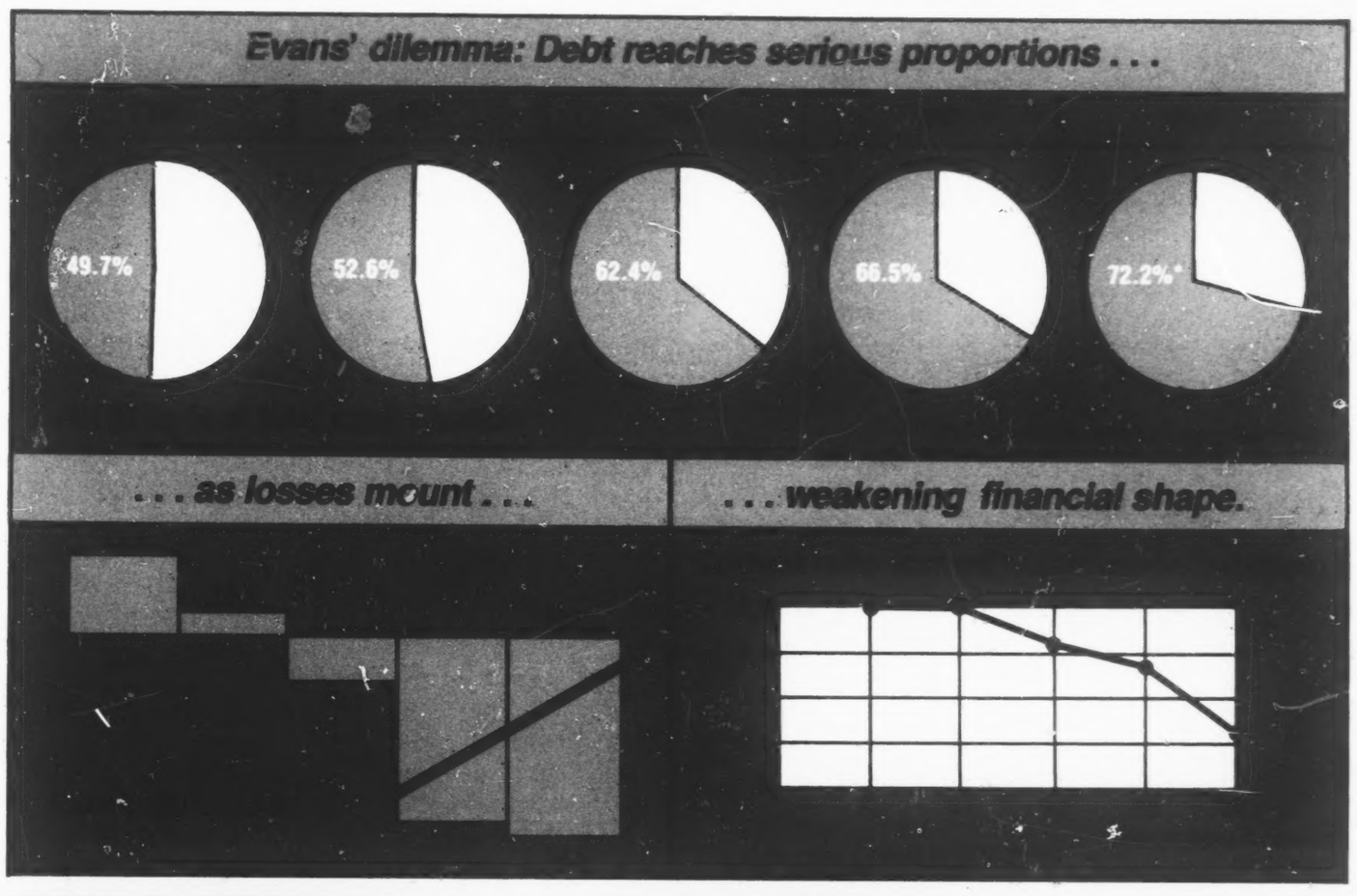
MIAMI — The problems Evans Products now faces are tied to the tremendous debt it incurred three years ago.

In 1982 Evans completed loan agreements providing for secured loans that totaled $407.5 million. In addition, the agreements provided for a secured revolving bank loan of up to $40 million.

The $407.5 million secured term loan was payable in three installments with $40 million due June 30, 1983, $60 million due March 31, 1984, and $307.5 million due Jan. 15, 1985. Add to this debt, the 1982 guarantee by Evans Products of $303.7 million in loans taken out by the company's finance subsidiary.

Evans was forced into taking

(Continued on page 84)



Lenders move to collect $600M in secured loans

By John Caulfield
NHCN senior editor

MIAMI — The beleaguered Evans Products filed for Chapter 11 protection under the U.S. Bankruptcy Code on March 11, one week after its 22 lenders demanded payment of more than $600 million in secured term loans.

The lenders, which for more than a year had been unsuccessful in negotiating a restructuring of Evans' debt, increased pressure on the company after conducting an audit that reportedly took place about two weeks before the filing.

Evans' transportation group and its subsidiaries were not included in the filing, made in U.S. Bankruptcy Court here at 5:52 p.m., after the stock market had closed for the day.

(Continued on page 85)

Fagen plans warehouses in Pittsburgh

VERONA, Pa. — Jack Fagen, president of 14-unit Fagen's and former president of Busy Beaver Building Centers, plans to open two warehouse home centers in the Pittsburgh area by the fall as part of a larger plan to open three to five stores annually.

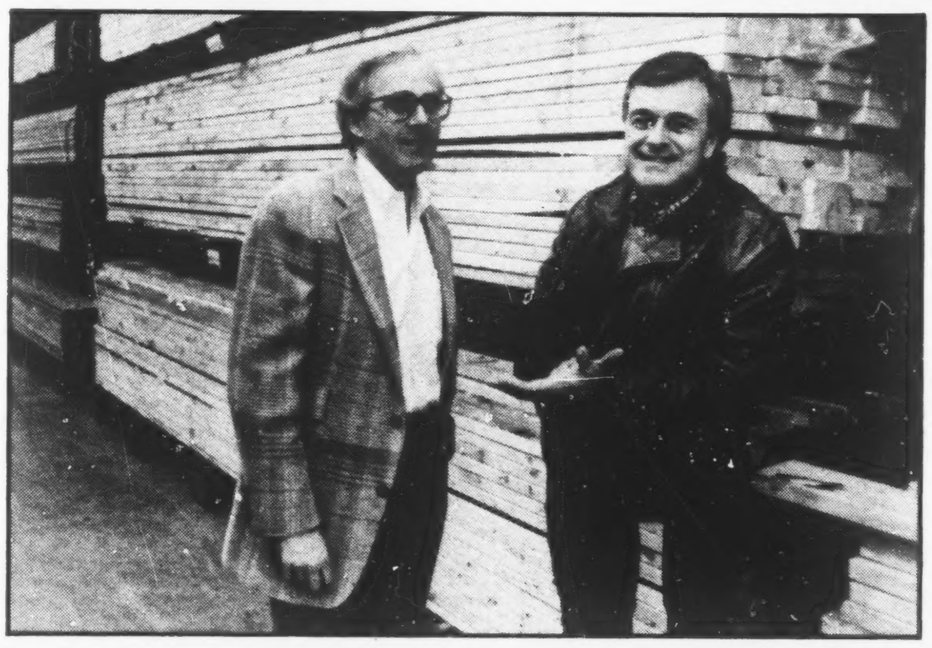
"The timing is right, now," said Fagen. "The concept [of warehouse retailing] is proven. Pittsburgh is a good market." Fagen added that available locations in the Pittsburgh area are "very hard to come by," so that moving on them now would guarantee a position that might not be obtainable later.

As the first step in his new warehouse venture, Fagen has signed deals for two parcels of land. One is north of Pittsburgh and the other is east.

Fagen said he planned to begin construction of the two new stores over the course of the next three months.

Future stores, said Fagen,

(Continued on page 86)



Commodities are positioned prominently in Busy Beaver's first warehouse store. Pictured: Tom Herward (left), merchandising vp, and Charles Bender, president. NHCN photo

Busy Beaver unveils 1st warehouse store

By Phillip M. Perry
NHCN senior editor

BOARDMAN, Ohio — Busy Beaver Building Centers last month opened the first of what company officials are calling a new generation of their stores.

The 60,000-sq.-ft. unit, which opened Feb. 28 in this Youngstown suburb, is the largest to date for the 11-store chain and the first unit opened as a warehouse. It follows warehouse modifications made at the Niles, Ohio, Busy Beaver unit.

It is also the first warehouse home center for Youngstown (pop. 115,436), as other, larger, Ohio cities like Cleveland and Columbus heat up with warehouse competitors like Mr. HOW, Hechinger and B&B's DIY Home Warehouse.

While the store has been open for too brief a time for the company to judge its performance, according to Charles Bender, president, sales in the first few days were particularly strong in certain basic categories that management sees as the chain's strengths.

These categories—plumb-

(Continued on page 86)

'Superdollar' stymies U.S. firms at Cologne

By Wyatt Kash
NHCN Editor

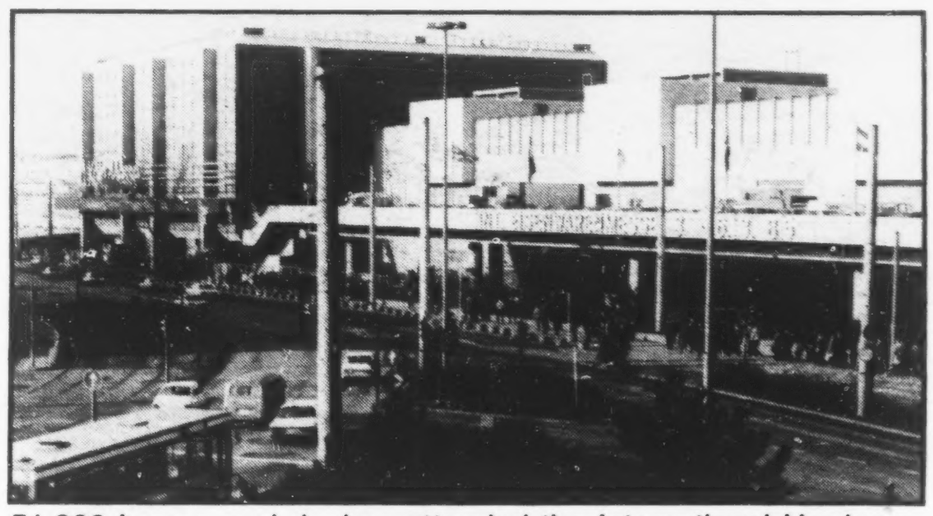
COLOGNE, West Germany — For many of the 62 American firms represented at the International Hardware Fair held here earlier this month, 1985 will go down in the export books as a year spent mostly on the sidelines.

An estimated 51,000 buyers and dealers attended the exhibition—21% more than last year—representing 78 countries. Nevertheless, the continuing high price of the U.S. dollar proved to be an almost insurmountable obstacle between American suppliers and most of the world's export markets.

At least, such was the case for most of 27 firms clustered in the U.S.A. pavilion at the entrance to Hall 10 at the Köln Messe convention center, as well as for other American firms out on their own among 1,880 exhibitors at the four-day exhibition.

"Traffic has been good, and the quality has been excellent," commented Robert Brady, president of Peterson Manufacturing, a Nebraska manufacturer that sells 25% of its production overseas.

Brady, who is also president this year of the American Hardware Manufacturers Assn., added however, that "if it weren't for the position of the dollar, [U.S. suppliers] would have seen immediate sales results. Instead, they're here for the future."



51,000 buyers and dealers attended the International Hardware Fair at the Koln Messe convention center in Cologne.

For companies like Black & Decker, The Stanley Works, the Cooper Group and Emhart, with major manufacturing facilities abroad, the superdollar was perhaps less of a factor, compared to mounting competition from European producers.

Indeed, Black & Decker, with over 8,000 sq. ft. of exhibition space, including 18 private meeting rooms and a staff of 100 sales and marketing representatives, was one of the busiest booths in the show, which covered several floors of six adjacent buildings.

Nevertheless, profits in European currencies still translated into fewer U.S. dollars for corporate headquarters in America. Emhart, for example,

(Continued on page 6)

NEWSBREAKS

DILLON BACK IN BIZ. Ralph Dillon has been named president of Coast-to-Coast Stores, a hardware chain. He was president of Bowater until it was acquired by Home Depot late last year.

BUILDERS SQUARE CALIF.-BOUND. A former ice-skating rink in Riverside will be retrofitted into a 91,200-sq.-ft. warehouse store, marking Builders Square's West Coast debut June 1.

INSIDE:

Founder's exit clouds Mr. HOW's future —Page 2
Boston replaced as head of Ernst Home Centers —Page 3
Home Shops reveals $13.5 million debt —Page 5
Houston still aglow in retailers' eyes —Page 51

NHCNews Briefs

Industry Update

Entz-White closes Phoenix unit

PHOENIX — Entz-White, which filed for Chapter 11 reorganization last August, has closed its store on East Camelback Road and sold the property to Jaren Corp., a Scottsdale real estate firm.

Jaren Corp. president Jerry Hirsch said he is considering leasing space to several retailers to utilize the 86,000-sq.-ft. facility, but has made no definite commitments.

Entz-White conducted a liquidation sale prior to the acquisition by Jaren Corp. The retailer was founded in 1952 by John Entz and Bish White as a lumberyard and hardware store and later developed into a specialty shopping center which included a deli-style restaurant and bar.

Depot may sublet Phoenix space

PHOENIX — The Home Depot "may sublease some of the space" in its 105,000-sq.-ft. facility at Thomas Road and 32nd Street, president Arthur M. Blank said.

"We haven't made a decision, but I don't know if we can justify a 105,000-sq.-ft. store at that location," Blank said.

The facility, which opened in late spring 1984, was the last of four Home Depots to open in the Phoenix metro market. It is an ex-Woolco situated north of Sky Harbor International Airport.

The Home Depot has not decided what kind of concern it would be willing to share space with, Blank reported.

Overall, he added, "we're pleased with all four of our stores in Phoenix—both sales and profit performances."

Revenues at the Thomas Road warehouse "are about what we had projected," Blank said.

Bean to direct Trump affiliate

NEW YORK — The Trump Group Acquisition Corp., an affiliate of the Trump Group formed last year when the financial concern acquired Seattle-based Pay 'n Save, has named Pay 'n Save chairman M. Lamont Bean to its board of directors.

Pay 'n Save spokesman Jim Konschuh said Bean "will be looking at potential investment opportunities on this side of the nation [West Coast] for the Trump Group." Bean will establish an office of the Trump Group Acquisition Corp. in Seattle.

National begins retrofit program

FOUNTAIN VALLEY, Calif. — National Lumber has begun a $1 million, two-year chainwide retrofit program to add higher gondolas, wider aisles, and in some older units, air-conditioning and automatic doors.

The prototype for the remodeling is National Lumber's 15th and newest unit, in Ontario, Calif., which opened last November. Five stores are slated for remodeling this year and the remaining units will be finished in 1986.

On March 18, the chain was slated to relocate its executive offices from Santa Ana, where it was based for eight years, to this Orange County city.

National Lumber president Mel Jaffee said four stores, all 67,000-sq.-ft. build-to-suits, will open this year; Fullerton in July, Encinitas in August, San Bernardino in September and Fontana in October.

HomeClub slates 3 new whses

FULLERTON, Calif. — HomeClub will open three warehouses, ranging from 85,000 sq. ft. to 100,000 sq. ft., in San Diego County by the fall of 1985, company officials announced.

The discount home center retailer also disclosed plans to open stores in the Los Angeles County cities of Montclair and El Monte.

In El Monte, HomeClub will open a 110,000-sq.-ft. warehouse in mid-May in an ex-Sears located at Peck Road and Interstate-10. A late fall opening is scheduled for a 90,000-sq.-ft. build-to-suit in Montclair, located on Central Avenue north of I-10.

Meantime, HomeClub has set tentative opening dates for previously announced warehouses in Santa Rosa, San Pablo and Sacramento.

The 90,000-sq.-ft. Santa Rosa facility will open in June. San Pablo, a retrofit of a J. J. Newbury, will open in September. In Sacramento, HomeClub will debut a 100,000-sq.-ft. build-to-suit in the Southgate Shopping Center on Florin Road in May and a 100,000-sq.-ft. build-to-suit on Madison Avenue at Auburn Boulevard in June.

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Vol. 11, No. 7 March 25, 1985

Sher's departure clouds future of Mr. HOW Warehouse stores

By John Caulfield
NHCN senior editor

MARGATE, Fla. — During the last weekend in February, Pat Sher was in Chicago, where his chain, Mr. HOW Warehouse, was preparing for the March 10 closing of five recently purchased Forest City units, to be reopened six weeks later with a new format and name.

Steve Dougherty, Mr. HOW's executive vp, spent much of the same weekend in Florida, helping to move the company into its new headquarters a few miles south of its old location here.

By the following Monday, both men announced they were leaving the chain they had started three years earlier (*NHCN*, March 12)—Sher because of differences with Mr. HOW's parent, Service Merchandise, over the terms of his employment contract; and Dougherty because of his connection with Sher, with whom he had worked for more than five years.

Whether each man left of his own volition, or was forced out by Service's chairman, Ray Zimmerman, as some industry sources contend, is probably of less significance than what effect their departures will have on Mr. HOW's managerial stability and its long-term growth, on which Service is banking heavily.

"Mr. HOW is still an unproven entity, and Sher's leaving only adds to its uncertainty," said Kenneth Gassman, an analyst for Wheat First Securities in Richmond, Va. Craig Weichmann, an analyst with Morgan, Keegan & Co. in Memphis, was still assessing the damage, which he concluded would at the very least be a "temporary setback" to Service's expansion and development of the company it bought from Sher for $13.6 million in June 1983.

Zimmerman, who has temporarily taken the reins at Mr. HOW, told *NHCN* the chain was surviving its latest crisis,

Ray Zimmerman

and he did not expect there to be any dramatic changes in Mr. HOW's course. "We're living with what we've got, which has been pretty good so far," he said.

Service depending on Mr. HOW

Indeed, estimates by security analysts and former employees peg Mr. HOW's annualized per store sales at between $15 million and $17 million, even though the chain lost an estimated $4 million to $5 million in 1984, and could lose the same amount in 1985, when it has more than 40 stores that should generate more than $300 million in sales.

Weichmann thought Mr. HOW has emerged as the "growth vehicle" Service Merchandise has been searching for in the past several years, as prospects for expansion of its own catalog showroom are expected to be modest this year.

In recent years, Service has attempted to diversify its operatons into other retailing areas, with marginal results. Its "Toy Store" chain, aimed at the market now dominated by Toys 'R Us, folded up; and, according to Weichmann, its "Computer Shoppe" chain, "Zimm's" jewelry stores and lingerie outlets called "The Lingerie Store" have yet to become proven winners.

"Service appears to have put all its eggs in Mr. HOW's basket, and it's evident it looks at the warehouse chain as a vehicle to drive its long-term profitability," he said. Weichmann expects Mr. HOW to start turning a profit in 1986; Gassman of Wheat First thinks it could be as early as late 1985.

However, sales and earnings growth at Mr. HOW Warehouse will depend on more than just opening new stores in a raft of markets. Over the next two years, the chain will need to meet a number of challenges in orde: to achieve the heady projections of analysts and its own parent company.

For one thing, Mr. HOW is only now catching up to the precision and sophistication of its stores' computer system, which copies the one used in Service's own stores. Sher concedes that the system was designed "for a higher volume, larger chain," but insisted Mr. HOW would need equipment that can perform at this level as the company expands.

He also thought that the company will now "have to be operated as a chain, instead of an independent." All last year, Sher and Dougherty began bringing on a new layer of management to run a bigger company. These included Jack Kopkin, who worked with Sher at Lindsley Home Centers, and Norman Darrer from Evans Products. Darrer was described by one industry source as the "brains" behind the development of warehouse stores at Grossman's.

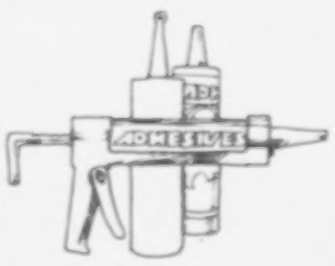
In addition, Tom Cawley was hired from P-K Home Centers in Dayton as Mr. HOW's divisional merchandise manager; and Jack Banville and Dick Shank were brought over from Service as, respectively, Mr. HOW's vp-personnel and chief financial officer.

It has been suggested by some in the industry that many

(Continued on page 86)

Highlights in this issue

Merchandising



- Consumers want a caulk that'll stick around a while. —Page 19
- Dealers see need for more caulking and adhesive information. —Page 23
- What's happening at The Estate of George Snyder. —Page 25
- Wood foundations gain popularity with builders. —Page 31

Ad & Marketing

- Consumer goal pulls supplier into DIY market. —Page 39
- Television commercials join Kohler's slick ad campaign. —Page 39
- Straw poll changes thrust of Hancock Lumber's ads. —Page 48

Special Report: The Houston Market

- The Houston market is alive with activity. And while retail business is down because new construction is off, it certainly isn't dead. Retailers continue to believe that the city's energized spirit will revive the economy and the once strong business environment will return. —Page 51

Systems & Operations

- Midwest co-op launches system to computerize communications. —Page 68
- Orchard Supply adopts new benefit for credit union access via telephone. —Page 69
- Diamond uses sweepstakes lure in new employee training program. —Page 70

Index

Ad Angles	41, 42
Calendar	49
Classified	81-84
Editorial	9
Financial News	4, 5
Home Center Trivia	12
Housing Watch	10
Lumber Report	14
New Products	73-75
New S&O Products	78, 79
People	12
Price Point Survey	67
Washington View	9

- Texas Blue Law bickering. Merchants Association and Handy Dan headed for State Supreme Court clash. —Page 56
- Sunday business laws vary widely. —Page 56

FINANCIAL NEWS

14 Gainers

2 Unchanged

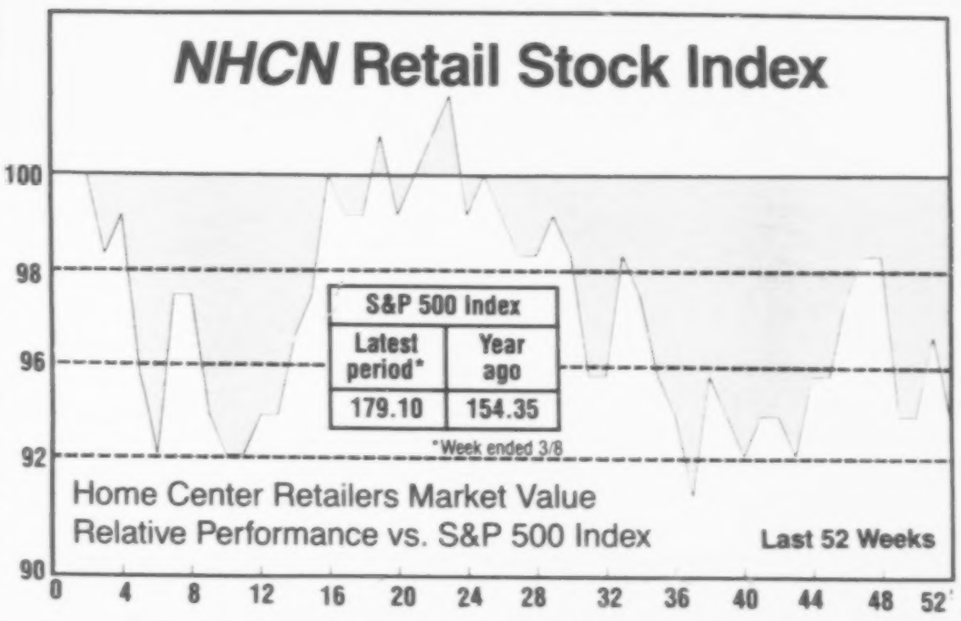
38 Losers

Evans Products, which has been mired in financial difficulties, (*see stories, page 1*), led a parade of 38 home center stocks which declined over the two-week period ended March 8. Two home center issues remained unchanged and 14 stocks gained ground during the period—a big reversal from the previous two months when gainers outnumbered losers by at least a 2-to-1 margin at the end of each two-week period.

The *NHCN* Retail Stock Index fell to 94.0, relative to the S&P 500 Index, which closed at 24.75 points above its year-ago level.

Trading on Evans' stock continued at a torrid pace. Its volume trend change of 410.2% illustrates the increased number of shares traded over the past two-week period, as a per cent of outstanding shares, than the average for Evans' stock over the past quarter. This is the second period in a row that Evans has led home center stocks in volume surge. Evans' stock price plunged $2.25 or 45% over the past two weeks to close at $2.75, just 50¢ above its 52-week low.

Among the other home center losers were Homecrafters Warehouse, down 11.7% to $8.50; Hechinger B common stock, down 8.3% to $25, and Pay 'N Pak and National Lumber, both down 5.5%.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Evans Prod N	9,655	410.2	- 45.0
Am Standard N	11,207	272.7	- .7
Clopay Corp A	281	254.5	13.0
SW Forest Ind N	4,750	245.9	10.7
Boise Cascade N	20,607	229.6	- 1.5
MacMillin Bldel N	187	200.0	- 2.0
Allegheny Int N	2,162	188.7	- .5
Pope & Talbot N	563	154.1	- 6.3
Triangle Pac N	2,302	146.1	- .4
Hines Ed Lumber O	104	145.8	- 2.5

TOP GAINERS

Company & Market	2-Weeks Ended 3-08-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Clopay Corp A	26.13	13.0	281
SW Forest Ind N	15.50	10.7	4,750
Scott Seabd O	1.38	10.0	18
Potlatch Cp N	35.75	8.3	2,031
Newell Cos N	19.00	7.8	683

TOP LOSERS

Company & Market	2-Weeks Ended 3-08-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Evans Prod N	2.75	- 45.0	9,655
Homecrafters Whse M	8.50	- 11.7	1,821
Georgia-Pacific N	23.13	- 8.9	30,910
Supermkts Gen N	34.50	- 8.9	2,455
Hechinger B M	25.00	- 8.3	1,179

Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market

Company and Market	2-Weeks Ended 3-08-85	Price 2-Weeks Change Amt.	Price 2-Weeks Change Pct.	Price 2-Week Range High	Price 2-Week Range Low	Price 52-Week Range High	Price 52-Week Range Low	Volume 2-Weeks Shares Traded Total	Volume 2-Weeks Shares Traded % Out	Volume 12-Week Avg. Vol. As % Out	Volume Trend Change
	$	$	%	$	$	$	$	(100)	%	%	%
Retailers											
Boise Cascade N	41.25	- .63	- 1.5	41.88	38.75	44.63	32.50	20,607	7.45	2.26	229.6
Color Tile M	19.25	- .13	- .6	20.00	18.75	20.00	13.63	8,531	9.27	4.37	112.1
Edison Bros N	33.13	- 2.50	- 7.0	35.75	33.13	39.75	32.50	972	.96	.65	47.7
Erb Lumber O	21.00	.00	.0	22.00	21.00	24.50	18.00	40	.45	.26	73.1
Evans Prod N	2.75	- 2.25	- 45.0	5.25	2.25	7.88	2.25	9,655	6.99	1.37	410.2
Forest City Ent A	22.13	.50	2.3	22.25	21.75	22.25	15.00	46	.11	.19	- 42.1
Grace W R N	40.75	.25	.6	41.63	40.38	44.50	36.50	10,080	2.08	1.06	96.2
Hechinger A M	24.25	- .50	- 2.0	24.50	24.00	25.00	13.50	1,176	1.68	1.37	22.6
Hechinger B M	25.00	- 2.25	- 8.3	26.75	25.00	27.25	14.00	1,179	.65	.36	80.6
Hines Ed Lumber O	39.50	- 1.00	- 2.5	41.50	39.50	43.75	32.50	104	.59	.24	145.8
Homecrafters Whse M	8.50	- 1.13	- 11.7	9.75	8.50	16.25	5.25	1,821	6.45	2.85	126.3
Home Depot N	18.88	.13	.7	20.00	18.50	27.88	12.00	9,042	3.62	1.93	87.6
K mart Cp N	34.88	- .38	- 1.1	36.63	34.63	41.50	26.75	49,386	3.94	2.07	90.3
Lowe's Cos N	28.13	- 1.13	- 3.8	29.25	27.75	30.00	16.25	5,927	1.64	1.16	41.4
Mich General A	7.13	- .38	- 5.0	7.63	6.50	8.50	4.63	2,380	2.10	1.35	55.6
Natl Lumber M	6.50	- .38	- 5.5	7.00	6.25	8.75	4.50	460	.82	.65	26.2
Pay N Pak N	13.00	- .75	- 5.5	13.75	12.88	17.50	11.50	2,872	2.87	1.54	86.4
Payless Cash N	19.50	- .25	- 1.3	20.25	18.25	21.25	13.50	8,116	2.51	2.40	4.6
Scott Seabd O	1.38	.13	10.0	1.63	1.25	3.25	1.00	18	.10	.20	- 50.0
Scotty's Inc N	14.88	- .63	- 4.0	15.63	14.75	16.38	11.38	1,184	.89	.58	53.4
Sears, Roebuck N	34.88	- .63	- 1.8	36.25	34.63	37.63	29.50	46,471	1.29	.87	48.3
SW Forest Ind N	15.50	1.50	10.7	15.88	13.50	22.50	13.50	4,750	5.12	1.48	245.9
Std Brd Prt N	20.63	- .25	- 1.2	21.00	20.25	22.00	16.50	2,522	2.26	1.99	13.6
Supermkts Gen N	34.50	- 3.38	- 8.9	37.63	34.38	38.75	19.75	2,455	1.38	.88	56.8
Wickhan Lumber M	6.38	- .25	- 3.8	6.75	6.13	7.00	4.00	872	1.49	1.06	40.6
Wholesalers											
Lewis Palmer M	9.25	.25	2.8	9.50	8.75	9.75	7.09	1,049	2.81	1.54	82.5
Manufacturers											
Allegheny Int N	27.25	- .13	- .5	27.50	26.75	28.75	18.75	2,162	2.05	.71	188.7
Am Standard N	33.13	- .25	- .7	34.50	32.75	35.38	22.88	11,207	2.87	.77	272.7
Armstrng Wrld N	35.50	- .38	- 1.0	37.25	35.38	38.00	22.88	7,966	3.34	1.76	89.8
Black & Decker N	25.00	.13	.5	25.38	23.00	26.88	17.25	21,338	4.24	1.89	124.3
Certain-teed N	24.63	- 1.50	- 5.7	26.13	24.38	27.13	15.75	2,481	1.31	.76	72.4
Champ Intl N	22.00	- .38	- 1.7	23.25	21.50	26.75	16.88	28,554	3.08	1.77	74.0
Clopay Corp A	26.13	3.00	13.0	26.75	23.00	26.75	13.63	281	2.34	.66	254.5
DeSoto Inc N	37.38	.38	1.0	37.88	36.25	37.88	26.50	538	1.13	.49	130.6
Emhart Corp N	30.00	.50	1.7	30.63	29.00	32.25	24.53	2,088	.76	.50	52.0
Georgia-Pacific N	23.13	- 2.25	- 8.9	26.00	22.63	27.38	18.00	30,910	3.02	1.57	57.3
Insilco Corp N	19.88	- 1.50	- 7.0	21.75	19.88	21.75	14.00	2,137	1.26	.79	59.5
La Pacific N	22.25	.00	.0	23.63	21.88	24.88	16.50	3,827	1.11	1.08	2.8
MacMillin Bldel N	18.63	- .38	- 2.0	18.75	18.50	23.97	16.84	187	.06	.02	200.0
Manville Cp N	7.38	- .38	- 4.8	8.00	7.00	11.75	5.50	10,969	4.57	2.31	97.8
Masco Corp N	30.50	- 1.50	- 4.7	32.50	30.25	33.50	22.50	8,378	1.48	.71	108.5
Natl Gypsum N	43.13	- .50	- 1.1	44.25	41.75	45.25	27.00	4,136	2.66	1.95	36.4
Newell Cos N	19.00	1.38	7.8	19.00	17.25	19.00	13.25	683	.79	.46	71.7
Owens Corning N	32.88	- 2.50	- 7.1	35.25	32.50	37.00	25.13	7,287	2.47	1.53	61.4
Pope & Talbot N	18.63	- 1.25	- 6.3	19.88	18.00	22.75	15.00	563	.94	.37	154.1
Potlatch Cp N	35.75	2.75	8.3	38.13	33.00	38.13	25.75	2,031	1.32	1.01	30.7
Sherwin-Wms N	31.88	.88	2.9	32.50	30.63	35.25	23.63	4,171	1.85	1.27	45.7
Stanley Works N	28.63	- 1.00	- 3.4	30.38	28.25	30.38	19.50	4,614	1.71	1.60	6.9
Thos Inds N	16.75	- 1.50	- 8.2	18.50	16.50	18.88	12.38	587	.89	.30	130.0
Triangle Pac N	30.38	- .13	- .4	30.63	29.75	31.25	26.75	2,302	5.66	2.30	146.1
USG Corp N	70.00	.75	1.1	70.75	67.75	71.25	45.00	3,680	2.23	2.20	1.4
Walter, Jim N	33.75	- 2.63	- 7.2	36.13	32.63	37.00	22.00	8,091	3.85	1.87	105.9
Waxman Ind M	17.50	- .75	- 4.1	18.75	17.25	19.00	4.25	437	2.58	1.69	52.7
Weyerhaeuser N	30.00	- .75	- 2.4	31.13	29.25	34.00	25.00	27,144	2.09	.96	117.7

Financial Update

Company and Market	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																		
Boise Cascade N	18.5	1.90	4.6	.....	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile M	12.9	.00	.0	.....	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros N	10.4	1.60	4.8	NEW	fiscal	12-84	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	- 32.7	3.19	- 29.3
Erb Lumber O	9.8	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod N	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent A	71.4	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	10.1	2.80	6.9	.....	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A M	NA	.16	.7	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	22.7	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber O	25.7	1.00	2.5	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Homecrafters Whse M	40.5	.00	.0	.....	fiscal	12-83	26.1	NC	.2	NC	.05	NC	104.5	NC	.8	NC	.21	NC
Home Depot N	34.3	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp N	8.3	1.24	3.6	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14720.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos N	16.8	.32	1.1	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General A	24.6	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	122.2	.18	200.0	344.3	335.8	4.8	45.5	.42	- 16.0
Natl Lumber M	32.5	.00	.0	.....	9 mos.	09-84	33.7	10.9	.3	- 66.7	.05	- 73.7	96.1	14.4	1.0	- 52.4	.18	- 60.0
Pay N Pak N	11.5	.60	4.6	.....	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash N	17.0	.16	.8	.....	fiscal	11-84	330.5	31.7	9.5	- 6.9	.29	- 23.7	1174.4	35.9	37.2	7.5	1.15	- 10.9
Scott Seabd O	NE	.00	.0	.....	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc N	10.7	.52	3.5	.....	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck N	8.7	1.76	5.0	.....	fiscal	12-84	11097.7	2.1	558.3	- 4.2	1.54	- 6.7	38830.0	7.8	1450.0	8.0	4.01	5.5
SW Forest Ind N	18.7	.00	.0	.....	fiscal	12-84	189.9	47.3	.9	NE	(.06)	NE	777.4	22.2	14.0	NE	.83	NE
Std Brd Prt N	11.7	.54	2.6	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen N	14.0	.42	1.2	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wickhan Lumber M	14.2	.16	2.5	NEW	fiscal	12-84	36.2	27.0	.8	300.0	.14	250.0	139.2	23.8	2.6	100.0	.45	9[illegible]
Wholesalers																		
Lewis Palmer M	14.2	.28b	3.0	NEW	6 mos.	07-84	40.3	19.9	.5	- 16.7	.15	- 21.1	69.4	17.0	.8	14.3	.25	- 7.4
Manufacturers																		
Allegheny Int N	NE	1.40	5.1	.....	fiscal	12-84	354.1	- 44.0	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard N	10.8	1.60	4.8	.....	fiscal	12-84	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld N	9.4	1.20	3.4	.....	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker N	12.8	.64	2.6	.....	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed N	11.3	.70	2.8	.....	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl N	NE	.40	1.8	.....	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp A	12.9	.16	.6	.....	fiscal	12-84	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc N	10.5	1.40	3.7	.....	fiscal	12-84	78.2	39.6	3.7	- 2.6	.71	6.0	407.4	22.7	19.6	10.7	3.56	12.3
Emhart Corp N	9.2	1.27b	4.2	.....	fiscal	12-84	448.7	.8	25.2	- 11.9	.69	- 33.0	1795.0	6.5	90.0	6.8	3.27	6.9
Georgia-Pacific N	23.8	.80	3.5	.....	fiscal	12-84	1348.0	- 17.9	(99.0)	- 100.0	(1.02)	- 100.0	6682.0	3.3	119.0	13.3	.97	.0
Insilco Corp N	10.4	1.00b	5.0	.....	fiscal	12-84	180.9	12.1	7.3	5.8	.42	5.0	786.9	16.7	33.0	- 3.8	1.91	- 4.5
La Pacific N	18.1	.78b	3.5	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMillin Bldel N	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.78)	NE
Manville Cp N	3.4	.00	.0	NEW	fiscal	12-84	472.6	9.6	18.2	1416.7	.50	NE	1873.5	8.3	77.2	14.9	2.18	23.9
Masco Corp N	15.3	.56	1.8	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	6.3	2.00	4.6	.....	fiscal	12-84	429.2	38.7	25.2	37.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos N	11.7	.50	2.6	.....	fiscal	12-84	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning N	8.5	1.40	4.3	.....	fiscal	12-84	756.0	2.7	33.6	2.4	1.14	- .9	3021.2	9.7	113.9	42.9	3.87	39.7
Pope & Talbot N	NE	.80	4.3	.....	fiscal	12-84	79.1	6.5	(4.7)	- 100.0	(.79)	- 100.0	320.8	12.2	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp N	12.8	1.56	4.4	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	11.2	.92	2.9	.....	fiscal	12-84	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works N	11.0	.96	3.4	.....	fiscal	12-84	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds N	9.0	.62b	3.7	.....	fiscal	12-84	77.1	30.7	3.9	11.4	.46	12.2	291.7	31.4	15.9	39.5	1.87	29.0
Triangle Pac N	9.2	1.00	3.3	.....	fiscal	12-84	63.1	7.5	2.9	.0	.71	1.4	270.6	19.8	13.6	19.3	3.30	17.9
USG Corp N	6.2	3.00	4.3	NEW	fiscal	12-84	NC	NC	(145.1)	- 100.0	2.48	47.6	2.3	- 99.9	.2	- 99.8	11.27	136.3
Walter, Jim N	7.2	1.40	4.1	NEW	3 mos.	11-84	558.3	- 1.1	27.1	21.0	1.24	20.4	558.3	- 1.1	27.1	21.0	1.24	20.4
Waxman Ind M	16.4	.06	.3	.....	6 mos.	12-84	20.4	121.7	.5	150.0	.30	233.3	40.9	109.7	1.2	200.0	.70	204.3
Weyerhaeuser N	19.7	1.30	4.3	.....	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

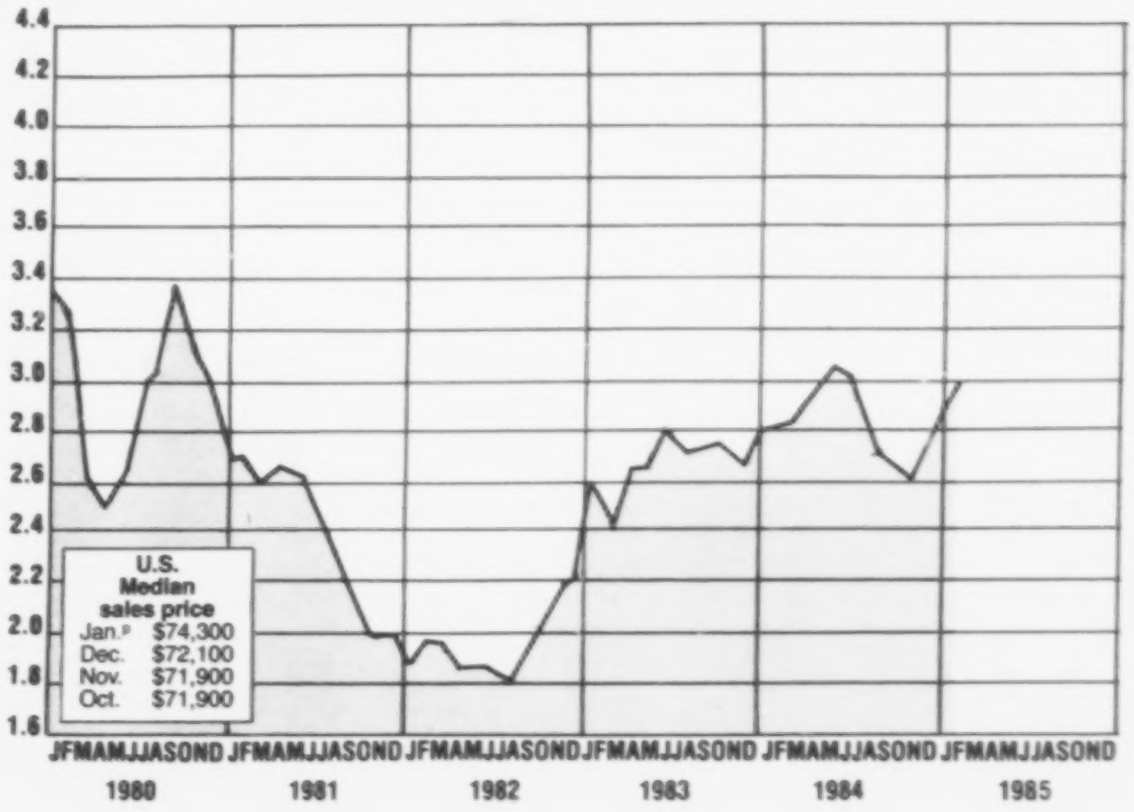
General Field Footnotes
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

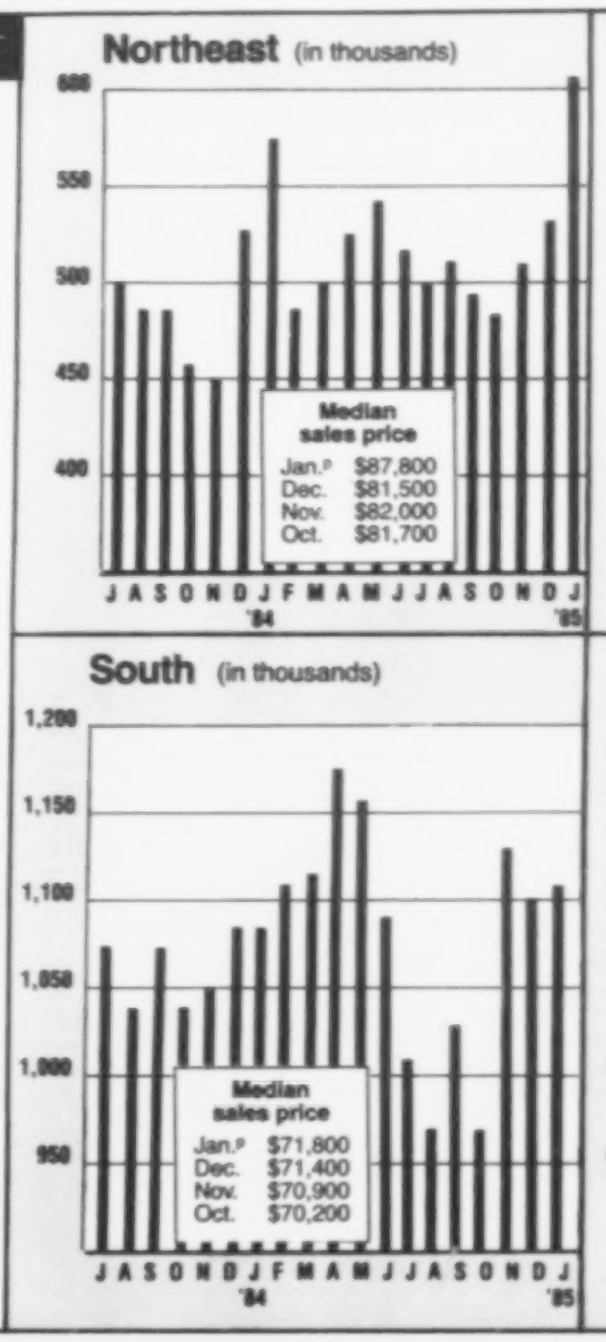
Existing single-family home sales

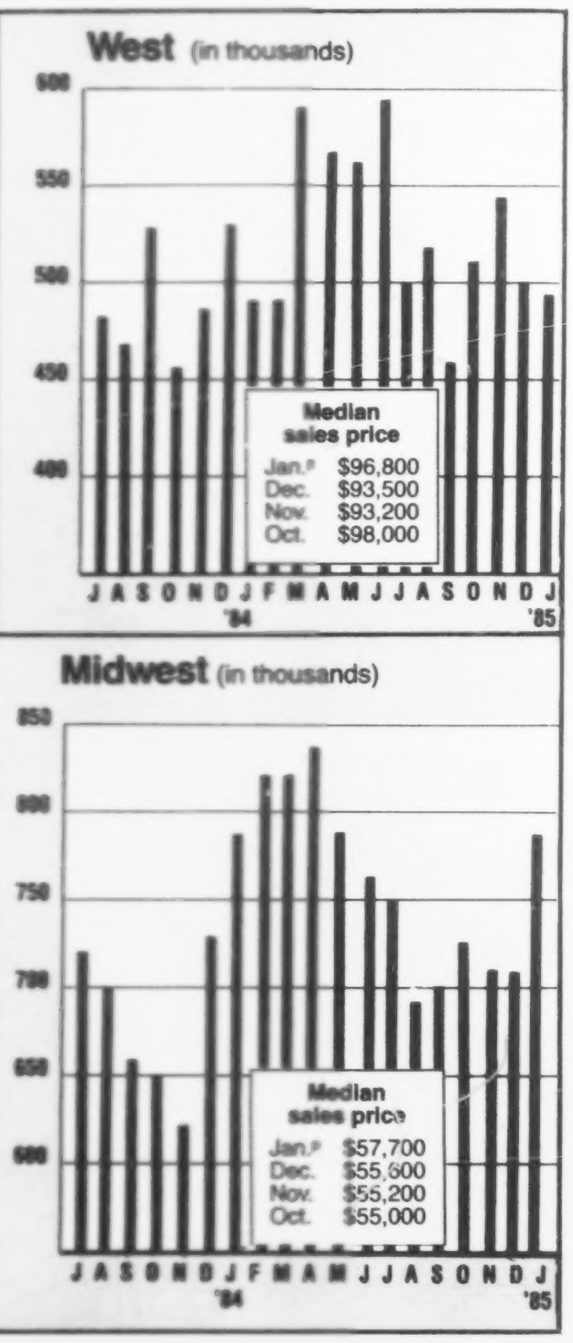


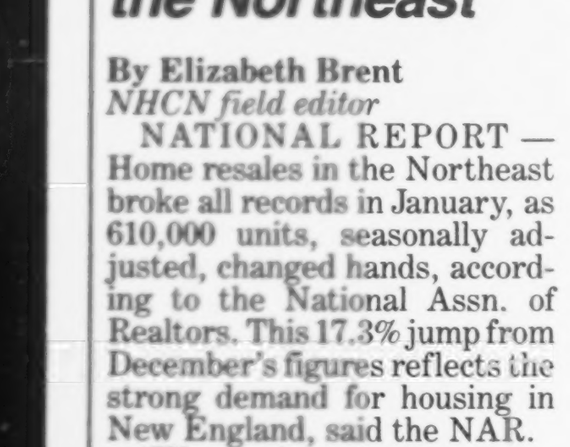
Home resales rose to three million, seasonally adjusted in January, the highest rate since Aprii 1984, according to the Nat'l Assn of Realtors. It was the fourth consecutive month of increase in home resale activity—4.5% above December's rate—and reflects continuing relatively low interest rates on both fixed and adjustable-rate mortgages.

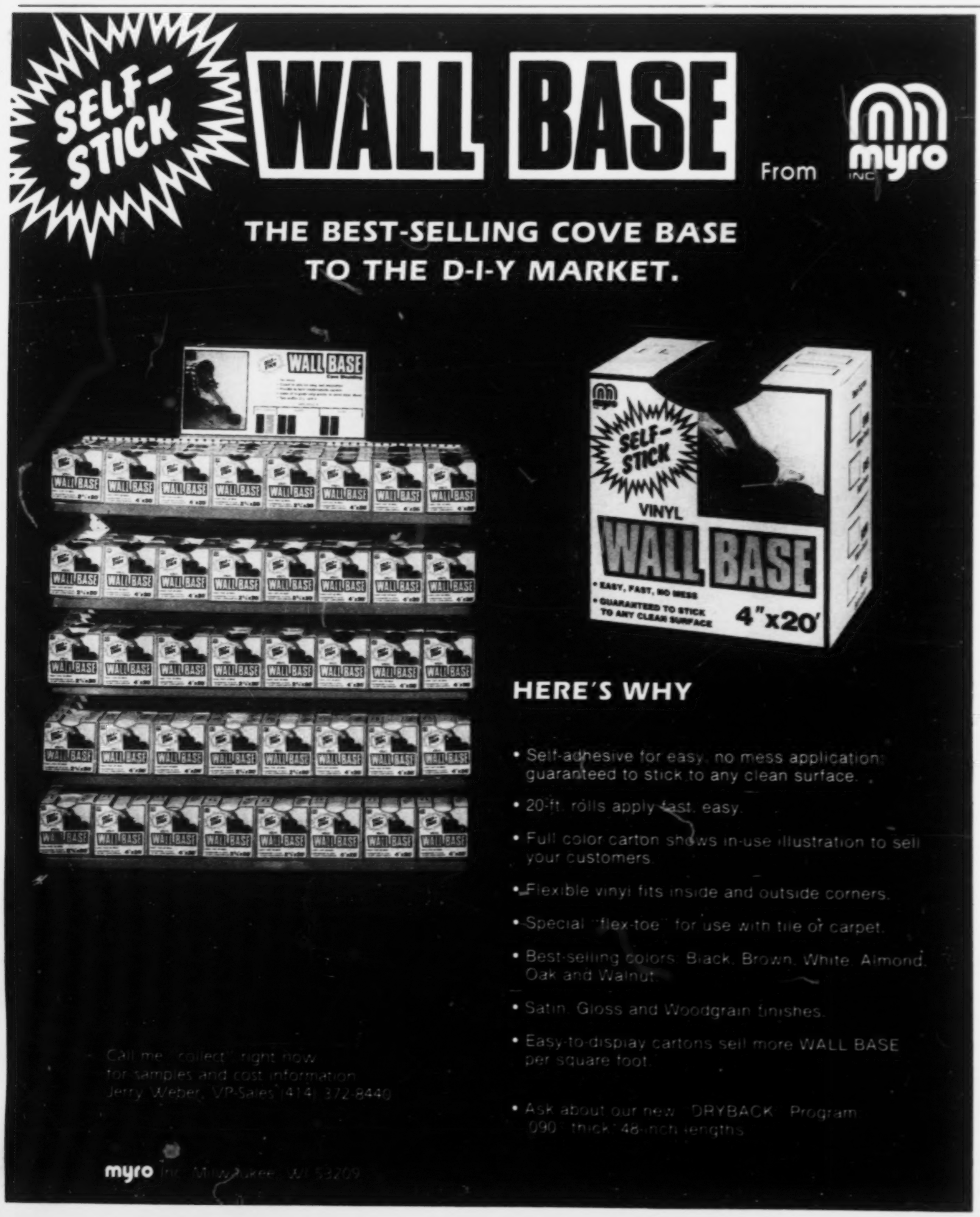
p = preliminary r = revised

Source: Nat'l Assn. of Realtors





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Home resales skyrocket in the Northeast

By Elizabeth Brent
NHCN field editor

NATIONAL REPORT — Home resales in the Northeast broke all records in January, as 610,000 units, seasonally adjusted, changed hands, according to the National Assn. of Realtors. This 17.3% jump from December's figures reflects the strong demand for housing in New England, said the NAR.

"We continue to hear from our realtors throughout the Northeast that the supply isn't enough to handle the demands of the market," said Glenn Crellin, economist with the association.

January was a strong month for resale activity throughout the United States. Interest rates dropped still further to 13.18% on fixed rate loans, and down to 11.46% on adjustable rate mortgages, according to the Federal Home Loan Bank Board. These lower rates encouraged existing homeowners to trade-up to better homes.

Home resales in the United States rose to three million, seasonally adjusted, in January—4.5% above December's rate.

Unlike the rest of the country the Northeast has maintained a steady rise in house prices over the last year, reflecting strong demand and a shortage of housing. In January, the median sales price of an existing home in the Northeast jumped from $81,500 to $87,800, an increase of nearly 8% and over 17% higher than in January 1984. The Northeast had the greatest price increase of any region over the last 12 months. The average United States median sales price rose only 1.9% during this time.

The National Assn. of Realtors reports particularly strong resale activity in the southern part of New Hampshire and Maine.

The intense resale activity in the Boston area is due in particular to baby boomers who are taking advantage of low interest rates to move to better housing, according to Bill Apgar, project director at the Joint Center for Urban Studies of MIT and Harvard.

FUTURES

Two weeks ended Feb. 28, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
March '85	144.60	132.50	132.60	141.20	2,463	220.00	132.50
May	153.60	142.20	142.50	150.20	3,198	225.00	147.40
July	160.60	151.00	151.10	157.40	1,249	230.50	151.00
Sept.	165.00	155.80	156.10	161.30	944	197.50	155.80
Nov.	165.90	157.10	157.40	162.70	893	186.10	157.10
Jan. '86	170.70	163.70	164.80	168.70	202	187.30	163.70
March	176.00	169.10	169.20	172.60	57	188.20	169.10

Total Contract Vol. (Through 2/28): 21,671 — **Previous Two Weeks: 21,198**
Total Open Interest (As of 2/28): 8,984 — **Previous Week: 9,934**
Cash Price: $147.98 — **Previous Week: $148.96** — **Year Ago: $182.28**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	239.1	240.0	274.7

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Feb. 28.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

LUMBER REPORT

Modest softwood demand gains should continue throughout 1985

By Robert Berg
Special to NHCN

The U.S. economy has entered its third calender year of expansion in the current business cycle. Unlike the business cycles of the 1970's, the current cycle has been characterized by strong growth in a low inflation environment. The Government policies put in place in 1981 have resulted in large Government deficits providing stimulus for economic growth; while the Federal Reserve's conservative monetary policy has kept inflation at bay. However these economic policies represent extremes and consequently put a great deal of stress on the workings of the marketplace. This stress has surfaced in the form of high real interest rates, a strong U.S. dollar, slow growth in Europe and other parts of the world and excess world capacity for basic commodities.

The North American softwood lumber industry has shared in this economic recovery and should continue to expand in 1985. U.S. softwood lumber demand was estimated to have been around 41.8 billion board feet (BBF) in 1984, 35% above the recession low of 30.9 BBF in 1984. Most of the early recovery in softwood lumber demand was attributable to residential construction demand which expanded by 66% from 9.2 BBF in 1982 to 15.3 BBF in 1984. Over the same period, all other softwood lumber end-use markets expanded a healthy, but more modest 24% from 21.7 BBF to 26.5 BBF.

In 1985, U.S. softwood lumber demand is expected to grow a modest 2% to a new record level of 42.8 BBF (the previous high was 42.4 BBF in 1978). The 1985 growth in softwood lumber demand will be fueled by the continued growth in industrial, nonresidential construction and repairs and alterations end-use markets, while the residential market will show little growth. The residential construction end-use market is expected to increase 1% to 15.5 BBF, accounting for 36% of total U.S. lumber consumption (compared to 44% in 1978). Meanwhile, the nonhousing end-use markets for softwood lumber are projected to expand 3% to 27.3 BBF with their share of total lumber demand increasing from 56% in 1978 to 64% in 1985.

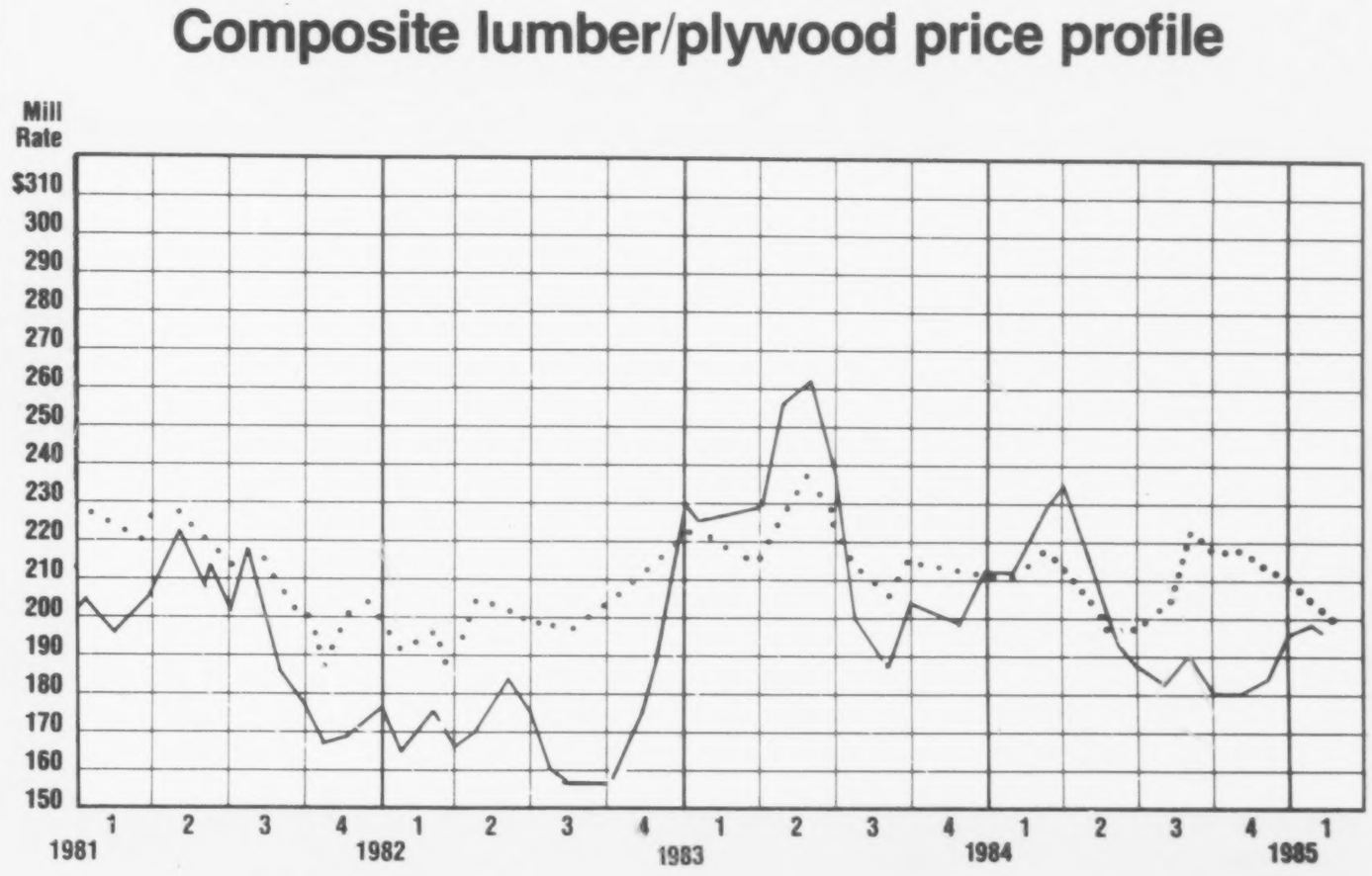
The strong rebound in U.S. softwood lumber demand since 1982 has not provided any relief, in the form of profitability, to the softwood lumber industry. Total demand for softwood lumber produced in North America (U.S. consumption plus Canadian consumption plus net overseas exports) was estimated to have been 50.9 BBF in 1984; marginally higher than the 1978 peak. Since 1982, there has been some loss of capacity in the industry through mill closures, but in their efforts to reduce costs, lumber producers have made their mills more efficient. Consequently, higher output has been obtained from a smaller capital base and overall U.S. capacity has shown little or no decline since 1980. Thus, while North American softwood lumber demand in 1984 was in line with the previous 1978 peak level, this demand only utilized 82% of the in-place capacity in Canada and U.S., down from a 90% utilization rate in 1978.

In 1985, total North American softwood lumber demand is projected to increase 2% to 52.1 BBF; exceeding the previous peak by at least 3%. But even with this year-over-year improvement, total demand on North American sawmills will only utilize 85% of available capacity—still short of the 90% rate of 1978.

The low demand/capacity (or excess supply condition) in the

(Continued on page 80)

Composite lumber/plywood price profile



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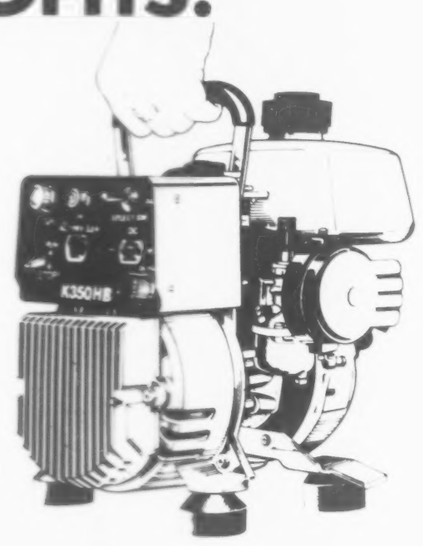

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Gains in softwood demand should continue throughout 1985

(Continued from page 14)

North American softwood lumber market has resulted in intense competition. The lumber manufacturers' fight to remain operating (or competitive) has resulted in lower prices for timber, investments to improve productivity and low or no increase labor wage settlements.

Given that competition for market share is expected to continue to be intense in 1985, we can expect to see further draconian cost cutting measures at the mills, downward pressure on wages (in the form of give-backs) and flat to lower timber prices. Also, the frequency of mill closure announcements will increase. As the economic pressures rise and become more painful, then protectionist sentiment among U.S. producers will gain momentum as a strengthening U.S. dollar gives the Canadian lumber producers a widening advantage in the U.S. market.

The main beneficiary of the excess supply that has plagued the North American softwood lumber market since 1982 has been the end user. Intense competition for market share has resulted in lower production costs and lower margins which, when added together, translate into lower prices. By the fourth quarter of 1984, many commodity lumber prices had given up all of the increases recorded in the early stages of the recovery and were at, or very close to, the recession lows of 1982. It is unlikely that demand will increase enough or that sufficient capacity attrition will occur in 1985 to alleviate the problem of excess supply in the wood market. Consequently, it will be hard for mills to sustain significant increases in lumber prices through the end of 1985.

However, this is not to say there will not be any price volatility in 1985. Buying behavior has been modified in response to the high cost of carrying inventory, chronic excess supply and disinflation in lumber prices. Dealers and reloads have given up some of their inventory carrying responsibilities to the mills. The extreme seasonality that characterizes lumber consumption almost guarantees temporary dislocations of supply as dealers occasionally are caught short of inventory and rush to cover requirements. Supply will be able to respond, but not without prices first increasing. Such a price move can be expected this spring, because ordering in the first two months of this year has only just covered current consumption requirements, and has left no margin for inventory accumulation for the normal spring surge in consumption.

Robert Berg is a senior economist for Data Resources, Lexington, Mass. This is the first of a series of columns he is preparing especially for National Home Center News.

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Building industry turns in record year for 1984

WASHINGTON — The building industry had a record year in 1984 with total new construction put in place valued at $311.9 billion, according to the Department of Commerce. This is an increase of nearly 19% from 1983 when total construction was valued at $262.2 billion. All figures are given in current dollars.

New residential construction accounted for 43.3% of all construction in 1984 with a year-end value of $135.1 billion. This is similar in proportion to 1983 when new residential construction made up 42.6% of the total value of construction put in place.

Both 1983 and 1984 were strong years for home-building activity, with 1.7 million houses started in 1983 and over 1.74 million started in 1984.

The Department of Commerce estimates that residential construction will level off in 1985 with a year-end value of $136 billion, representing over 39% of the value of all construction.

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Kerosene heaters

"COMPANIES"

San Jose, Calif. (1976)

"FACTS & FIGURES"

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C5150-6

Paint & sundries supplement—pp. 27-50

Industry advertising award winners—pp. 19-25

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National
Home Center News®

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Guest speaker J. Peter Grace (left), W. R. Grace ceo, with retail chief Edward Tutun; above, Tracy Posner, daughter of Evans Products' chairman Victor Posner, with Builders Square president Frank Denny at NHCN party. NHCN photos

Farrah leaves Home Depot; trades retailing for sailing

Merchandiser helped build warehouse firm

By Wyatt Kash
NHCN Editor

ATLANTA — Pat Farrah has resigned from his position as executive vice president and director of The Home Depot.

After six years of relentless travel, hotels, store openings and merchandise meetings, Farrah has decided for personal reasons, to leave entirely the company he, Bernie Marcus and Arthur Blank co-founded in late 1978 which eventually revolutionized home center retailing.

For Farrah, it was simply time to move on, and "pursue some of my other goals and dreams," he said.

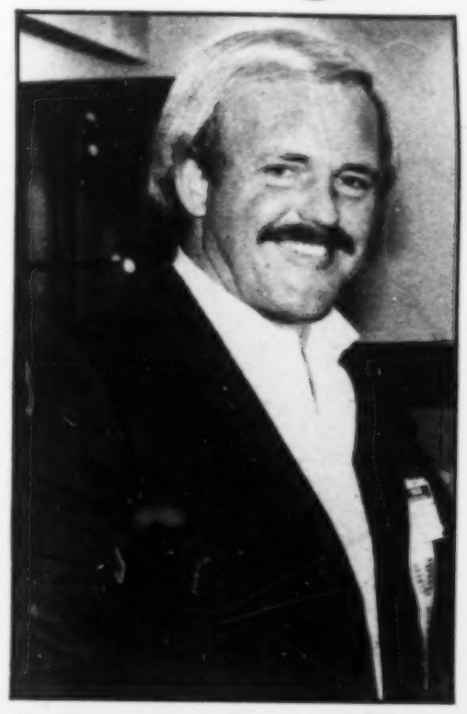
Perhaps chief among them is to win the Trans-Pac ocean sailing race this spring, for which he has already begun preparing. Farrah made sailing news recently when he purchased the world-renown "Ragtime," a 62-ft. all-wood sailboat which has won numerous transoceanic races.

Farrah's decision to leave came as a shock to many in the home center industry. It was a decision, however, that had been planned for more than a year.

Home Depot has recruited no less than 10 merchandising veterans over the past 18 months in anticipation of Farrah's departure, and to prepare for the 31-store chain's continued growth.

Among them is Bruce Berg, formerly vp and gmm for

(Continued on page 76)



Farrah at last month's National Home Center Show. NHCN photo

Evans a spirited topic at mostly tame show

NHCN staff round-up
Written by John Caulfield

ATLANTA — Last month's 10th annual National Home Center Show was a study in contrasts.

It was the best-attended show held outside Chicago, with unaudited registration totaling more than 32,000. Many industry executives also praised the show as being one of the best-run in the event's history. "It seems more sophisticated, and somehow bigger," said Tom Herward, a vice president for Busy Beaver in Pittsburgh.

But its physical size and layout, which was spread between two large halls and over 345,000 sq. ft., took some getting used to, and led some vendors to complain about slow dealer traffic. This was particularly true on Sunday, when the sentiments of many suppliers was summed up by Red Devil president Jim Collins, who said of the four-day affair, "This is a great two-day show."

This year's event was not without some excitement. It got off to an inauspicious start when attendees learned that two key executives at Mr. HOW Warehouse, Tom Cawley and Ken Zeitlin, were fired the previous Friday, only weeks after that chain's president and executive vp, Pat Sher and Steve Dougherty, left the company. Ray Zimmerman, the president of HOW's parent, Service Merchandise, who walked the show with a small entourage, said he had "just heard" about the chain's most recent disruptions and could not comment further.

The rumor mill, about Mr. HOW and several other dealers and suppliers, was churning at a faster pace this year than at previous shows. And the main topic of conversation always gravitated to the recent bankruptcy filing by Evans Products.

(Continued on page 6)

U.S. Bankruptcy Court expected to O.K. Evans creditor re-group

By John Caulfield
NHCN senior editor

MIAMI — Committees representing secured and unsecured creditors of Evans Products and its subsidiaries were scheduled to meet during the last week of March, as Evans' reorganization under the protection of Chapter II gets under way.

A motion was filed on March 22 with the Miami Bankruptcy Court by attorneys for Georgia-Pacific, asking the court to "reconstitute" the respective trade creditor committees in the bankruptcy filings for the Grossman's Inc., Lindsley and Steel City subsidiaries into a single, 20-supplier committee that would include, among others, Owens-Corning, Armstrong, CertainTeed, GlamourTop, Manville and Weyerhaeuser.

In addition, a second motion was filed the same day by attorneys for the College Retirement Equity Fund, an institutional investor, calling for the appointment of a five-man committee representing noninsider investors of Evans' securities and stock.

A decision on both motions was expected to be handed down by Judge Thomas C. Britton, who is presiding over the proceedings, on March 25. Both were expected to be approved.

Judge Britton was also to decide on expanding the secured institutional creditor committee, representing 22 lenders in the Evans Products Company filing, to 11 banks from seven, based on how much each is

(Continued on page 78)

Warehouses looking to nail down Cleveland

By Phillip M. Perry
NHCN senior editor

CLEVELAND — The west side of this aging Rustbelt city has become the first proving ground for a new round of competitive home center retailing that is expected to spread, before long, to other parts of the city.

Builders Square, the home center subsidiary of K mart, has slated an early May opening for its first warehouse home center in Cleveland, on the west side, and is expected to follow through six weeks later with another on the east side.

DIY Home Warehouse, the joint venture of Erb Lumber and Eclipse Industries, opened the first of a planned half dozen Cleveland warehouse operations on the west side—just three miles north of the forthcoming Builders Square—on March 1.

Forest City, which for decades has dominated the city with traditional home centers, on March 22 celebrated the completion of the renovation of its largest and highest volume unit, just two miles west of the new DIY Home Warehouse, along with a 70,000-sq.-ft. drive-thru which it touted as the largest in Ohio.

84 Lumber opened a 10,000-sq.-ft. store 10 months ago, located one half mile from the new DIY Home Warehouse.

"Here I am in the middle, surrounded by the big guys," said Gerry Zwick, who has operated tiny Parma Lumber—located across the street from DIY Home Warehouse—since 1957. For his company, which moved some $2 million worth of merchandise last year, the future poses more of a challenge than ever before in its history, and Zwick is counting on his 50% contractor trade to help keep his operation on an even keel during the initial few months during which he expects his

(Continued on page 77)

Among several companies moving to strengthen their market position in Cleveland is Forest City, which held a grand opening for this 70,000-sq.-ft. drive-thru on March 15. NHCN photo

NEWSBREAKS

NEW TRICKS FOR WICKES? Just when Wickes Cos. thought it was safe to come out of Chapter 11, a company controlled by financier Saul P. Steinberg bought a 10.4% stake in the company. Steinberg's Reliance Group Inc. paid $37.9 million last month for 10 million Wickes shares, making it the firm's largest stockholder. Last year Steinberg tried to take over Walt Disney Productions, but dropped his bid in a lucrative settlement that's been dubbed "greenmail."

INSIDE

W. R. Grace home center division to get new chief —Page 2
Edward Hines buys two-unit independent —Page 3
Diamond takes $24 million step in revamp plan —Page 3
Lowe's generates record February sales —Page 5

NHCNews Briefs

Industry Update

Lowe's readies Boise buy outs

NEW YORK — Virtually all of the 23 Boise Cascade stores acquired by Lowe's will be brandishing Lowe's store front logos by the end of this month.

However, the need to install Lowe's POS system, which is expected to take several months, will essentially postpone any major remerchandising efforts until the end of the year, according to Robert Strickland, chairman of the 249-store chain.

Strickland, speaking to securities analysts at a March 11 breakfast briefing, said 17 of the 23 units were returning 6% of sales, or more, before taxes.

Strickland added that $625,000 Lowe's paid on average for each site and facility was "less than some of our competitors have paid for goodwill for their stores." Including inventory, Lowe's paid $50 million for the Boise stores (*NHCN*, Feb. 25.)

Hechinger to open 10 new whses

LANDOVER, Md. — Hechinger, the 45-unit retailer based here, will open at least 10 new stores this year, mostly warehouse units, including two new stores in Rochester, N.Y.

This month, Hechinger will open two stores: in Greensboro, N.C., on April 13 and in Columbus, Ohio, on April 20.

Later this year, the retailer said it will open new units in Baltimore, Md., Philadelphia, Pa., and Washington, D.C.

These expansion announcements are part of the company's previously announced plans to open 20 new stores and add 60% to its selling space within 24 months.

Hechinger just announced record earnings and sales for the year and for the fourth quarter which ended Feb. 2.

Sales for the year were up 31% to $405.1 million from $309.5 million last year. Earnings were up 29% to $20.9 million ($1.15 per share) from $16.2 million ($.90 per share) last year.

Sales for the fourth quarter were $102.4 million up 30% from $79 million last year, the company reported. Net earnings were $6.1 million ($.34 per share) up 19% from $5.1 million ($.28 per share) last year.

John W. Hechinger, president, and Richard England, chairman, stated these numbers represent the 40th consecutive quarter in which earnings have increased.

Payless' Stanton joins Ernst

SEATTLE — Tom Stanton, formerly Western regional vp for Payless Cashways, is now director of stores for 70-unit Ernst Home Centers based here.

In related personnel moves at the Pay 'n Save subsidiary, Bill Boston has been newly named assistant to the president, reporting to Michael Rouleau. Most recently Boston had been vp-administration following Rouleau's arrival and replacement of Boston as head of Ernst.

Steve Bean, formerly operations director, is now director of administration.

Meantime, Ernst has retained the Atlanta design firm Miller/Zell to refine the look of its prototype store. Ernst stores are being retrofitted in a three-year program.

Stanton joined Payless in 1980 and was a district manager in Colorado and Texas before moving to the Western region in 1983 where he oversaw Lumberjack and Furrow stores.

Depot breaks earnings mark

ATLANTA — The Home Depot reported a recorded breaking year for fiscal 1984 with its best fourth quarter and full-year earnings ever.

For its fourth quarter, which ended Feb. 3, 1985, earnings should be $3.6 million, up 11% from 1983's $3.25 million. Fourth quarter sales were $117.4 million, a 42% increase over 1983's fourth quarter figure of $82.5 million.

Based upon these preliminary results, Home Depot expects to report earnings for the year of $14.1 million, a 37% improvement over 1983's earnings of $10.3 million. Sales in fiscal 1984 were $432.8 million, a 69% jump from the $256.2 million reported a year ago.

Grossman's plans Calif. whse

NORTH HOLLYWOOD, Calif. — An 80,000-sq.-ft. Grossman's Building Material Warehouse is slated to open in this San Fernando Valley city in June.

The facility, a former manufacturing building, is located near the corner of Laurel Canyon Boulevard and Sherman Way.

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Vol. 11, No. 7 April 8, 1985

Pedro Mata expected to be named Grace home center division head

By Kenneth Schept
NHCN executive editor

NEW YORK — Pedro Mata, a veteran W. R. Grace executive, was expected to become head of the conglomerate's $1 billion-plus home center division on April 1.

Mata, 41, will report to executive vp Edward Tutun, who runs Grace's retail group. Mata's title will be deputy group executive.

The post has been vacant since the departure of Frank Denny as home center division president two years ago. Denny had worked to coordinate the seven chains—Angels, Cashway, Allwoods, Handy Dan, Handy City and Channel—that Grace had acquired since its entry into the home center business in 1976.

Mata faces new challenges. Last summer Grace acquired 35 Ole's stores on the West Coast and last month unveiled its first two warehouse stores, called Home Quarters, in Virginia Beach.

The Ole's acquisition is still being assimilated as Grace tries to strengthen its presence in southern California. Home Quarters is in its formative stage. The central region—House Works (started in March 1983), Handy City and Handy Dan—has been performing poorly, in part because the stores are in hypercompetitive markets like Dallas, where warehouse stores are hurting margins.

Daryl Lansdale (left), president of Grace's central region and Pedro Mata (right), who was expected to be named head of the conglomerate's $1 billion home center division on April 1, at last month's home center show. NHCN photo

In fact, one of Grace's nagging problems is that most of its more than 300 home centers are positioned as convenience stores at a time when the industry is embracing the warehouse strategy.

Mata is seen by those who know him as a person able to think strategically who could address this dilemma, if given the opportunity. In fact, he served as vice president of planning and development for the home center division several years ago.

Mata joined W. R. Grace in 1968 and served in the conglomerate's paper division in Peru and Columbia. Subsequently, he became a special assistant to chairman J. Peter Grace.

Following that assignment Mata became ceo of Grace's Allied Food Industries in Singapore. He later headed the company's Ambrosia Chocolate company and, until April 1, was president of Baker & Taylor, a Grace library services company.

Mata was graduated from Cornell University with a B.S. and a masters in industrial engineering. He is married and the father of three children.

Erb purchases small independent to bolster Chicago area position

BIRMINGHAM, Mich. — Erb Lumber, a $150 million chain of 37 home centers based here, purchased the assets of Welsch Lumber, Mokena, Ill., on March 1, for an undisclosed price.

The purchase was made to further strengthen Erb's market position in the region of northwest Indiana and Chicago, according to a statement from the company. Mokena, Ill., is located just southwest of Chicago, in the Joliet area.

Erb scheduled an April 11 grand opening for the store, which commenced operating under the Erb name on the day of purchase.

Founded in 1949 and operated by the Welsch family for over 20 years, the acquired yard did an estimated volume of some $4 million last year, a figure that represents a decline from the $6 million performance level it enjoyed several years ago. Given the unit's location, it faces an increasing level of competition from such giants as Mr. HOW Warehouse and Builders Square.

With the view of finding a niche the consumer-oriented warehouse operators might not serve, company management plans to adjust the mix of sales for the unit to attract more contractor sales than in the past.

Last year's volume at the store was 70% consumer, but new store manager Bob McRae said that "We're working on that. We want the mix to be more 50-50."

A seven-year veteran of Erb Lumber, McRae moved to his new position from his former one of sales manager at the Michigan City, Ind., Erb unit.

The purchase of the unit was made through Erb Lumber of Indiana, an entity that is 60% owned by Erb Lumber and 40% by Robert G. McFarland, a former officer of the firm.

Highlights in this issue

Merchandising Supplement

- *Power paint rollers post strong sales as new players heat up an increasingly competitive market.* —Page 27
- *Sundries: Dealers may yawn at their thought, but high margins and growth awaken interest.* —Page 32
- *Solid paint gets off to a slow start in the U.S.* —Page 34

- *Private label stains begin to infiltrate the market as home centers seek to bolster margins.* —Page 36
- *Sears sets six hardware unit roll out for Chicago.* —Page 40

Advertising & Marketing

- *Closed-captions boost advertising audiences.* Page 57
- *Vendors who closed-caption ads find a once neglected audience.* —Page 57
- *Boise Cascade shows kids the lumber industry. Mill and logging tours brought back after holiday hiatus.* —Page 57
- *Our Own Hardware Co-op goes on-air to answer DIY questions.* —Page 57

Index

Ad Angles	43, 46B, 58
Calendar	71
Classified	74-76
Corrections	5
Editorial	8
Financial News	5
Home Center Trivia	12
Housing Watch	10
Lumber Report	14, 15
New Products	70
New S&O Products	69
People	12
Washington View	8

Systems & Operations

- *At some point this summer, buyers at Kempsville Building Materials will be able to access a new computerized purchase order system* —Page 66
- *For Janney's Ace Hardware, a $3 million independent, receiving incoming shipments had long been an unwieldy and time-consuming process. With the addition of a new portable conveyor, Janney's receiving problems have been untangled.* —Page 67

FINANCIAL NEWS

12 Gainers

0 Unchanged

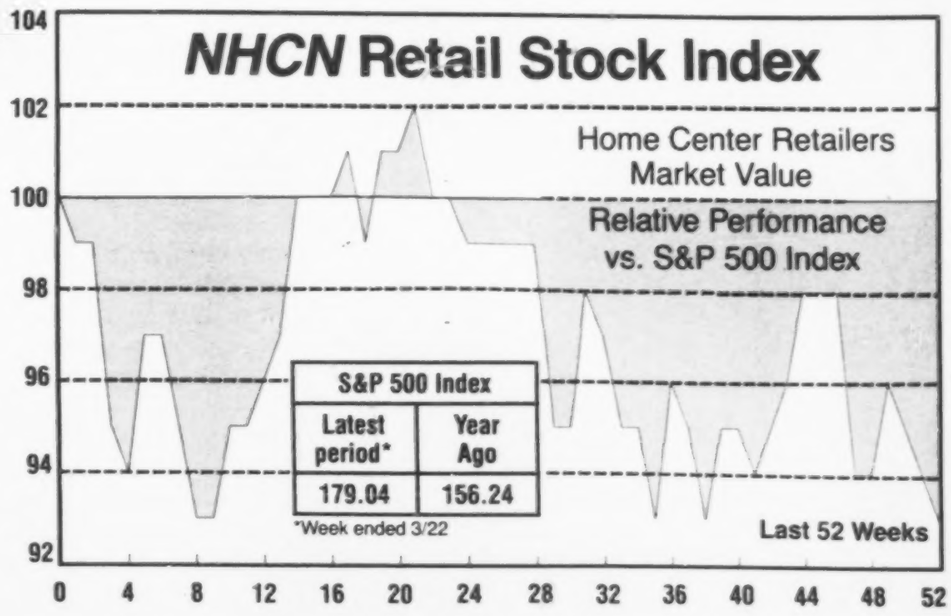
42 Losers

It was another disappointing period for the two weeks ended March 22, as home center-related stocks showed no immunity from the broad-based decline experienced in the entire stock market.

Losers overwhelmingly outnumbered winners, 12 to 42. The largest loss for the period was again posted by troubled Evans Products, which saw an 18.2% decline due to its Chapter 11 bankruptcy filing (*see story page 1*). Evans stock was again the most active stock with a volume trend change of 245%.

Other home center companies that ended the period in the losers column included such consistent performers as Lowe's Companies, Home Depot and Hechinger B. The downturn in these stocks is a clear indication of the market, in general, being off, not an investor judgment of poor operating results. Recently released figures show Lowe's 1984 total sales revenue up 18% and net income up 21%. And the Home Depot recorded a record breaking year for fiscal 1984 with its best fourth quarter and full year earnings.

Homecrafters Warehouse, up 11.8% to close at $9.50 at the period's end, was the single home center chain winner.



Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Allegheny Int ..... N	3,647	288.8	- 1.8
Emhart Corp ..... N	6,264	267.7	- 10.8
Am Standard ..... N	13,146	247.4	- 3.8
Evans Prod ..... N	8,149	245.0	- 18.2
Supermkts Gen ..... N	5,654	200.0	6.9

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Pay N Pak ..... N	4,513	196.7	- 7.7
Scotty's Inc ..... N	1,916	141.7	- 1.7
Newell Cos ..... N	1,014	126.9	- 7.2
Erb Lumber ..... O	57	120.7	- 2.4
Pope & Talbot ..... N	463	120.0	2.0

TOP GAINERS

Company & Market	2-Weeks Ended 3-22-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Homecrafters Whse ..... M	9.50	11.8	1,831
Supermkts Gen ..... N	36.88	6.9	5,654
Lewis Palmer ..... M	9.63	4.1	888
Insilco Corp ..... N	19.63	3.8	1,430
Pope & Talbot ..... N	19.00	2.0	463

TOP LOSERS

Company & Market	2-Weeks Ended 3-22-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Evans Prod ..... N	2.25	- 18.2	8,149
Natl Lumber ..... M	5.75	- 11.5	640
Emhart Corp ..... N	26.75	- 10.8	6,264
Home Depot ..... N	17.00	- 9.9	8,080
Armstrng Wrld ..... N	32.25	- 9.2	8,162

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 3-22-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report: New Report -	Period -	Date Ended -	Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers																													
Boise Cascade ..... N	38.50	- 2.75	- 6.7	41.25	37.75	44.63	32.50	8,615	3.15	2.26	39.4	17.3	1.90	4.9	NEW	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile ..... M	17.75	- 1.50	- 7.8	19.13	17.75	20.00	13.63	3,098	3.37	4.49	- 24.9	11.9	.00	.0	.....	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros ..... N	33.00	- .13	- .4	33.88	32.75	39.75	32.50	778	.77	.69	11.6	10.3	1.60	4.8	.....	fiscal	12-84	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	- 32.7	3.19	- 29.3
Erb Lumber ..... O	20.50	- .50	- 2.4	22.00	20.50	21.25	18.00	57	.64	.29	120.7	9.6	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod ..... N	2.25	- .50	- 18.2	2.63	1.75	7.75	1.75	8,149	5.90	1.71	245.0	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent ..... A	21.75	- .38	- 1.7	22.00	21.63	22.25	15.00	57	.14	.16	- 12.5	70.2	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R ..... N	40.88	.13	.3	41.38	40.25	44.50	36.50	6,335	1.31	1.05	24.8	10.2	2.80	6.9	.....	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A ..... M	24.00	- .25	- 1.0	24.50	23.75	25.00	13.50	1,585	2.27	1.49	52.3	NA	.16	.7	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	24.50	- .50	- 2.0	24.50	23.75	27.25	14.00	1,599	.88	.40	120.0	22.3	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber ..... O	37.00	- 2.50	- 6.3	39.50	37.00	43.75	32.50	60	.34	.26	30.8	4.8	1.00	2.7	NEW	fiscal	12-84	68.4	10.3	8.8	2833.3	6.44	3477.8	280.8	12.5	11.1	516.7	7.74	651.5
Homecrafters Whse ..... M	9.50	1.00	11.8	9.75	8.50	16.25	5.25	1,831	6.49	3.17	104.7	45.2	.00	.0	.....	fiscal	12-83	26.1	NC	.2	NC	.05	NC	104.5	NC	.8	NC	.21	NC
Home Depot ..... N	17.00	- 1.88	- 9.9	19.25	17.00	27.88	12.00	8,080	3.23	1.94	66.5	30.9	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp ..... N	34.13	- .75	- 2.2	35.50	32.13	41.50	26.75	58,599	4.68	2.25	108.0	8.2	1.24	3.6	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos ..... N	26.63	- 1.50	- 5.3	28.75	26.38	30.00	16.25	7,798	2.15	1.25	72.0	15.7	.32	1.2	NEW	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General ..... A	7.00	- .13	- 1.8	7.13	6.50	8.50	4.63	1,203	1.06	1.17	- 9.4	24.1	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	122.2	.18	200.0	344.3	335.8	4.8	45.5	.42	- 16.0
Natl Lumber ..... M	5.75	- .75	- 11.5	6.50	5.25	8.75	4.50	640	1.14	.56	103.6	28.8	.00	.0	....	9 mos.	09-84	33.7	10.9	.3	- 66.7	.05	- 73.7	96.1	14.4	1.0	- 52.4	.18	- 60.0
Pay N Pak ..... N	12.00	- 1.00	- 7.7	13.13	11.50	17.50	11.50	4,513	4.51	1.52	196.7	10.6	.60	5.0	.....	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash ..... N	18.75	- .75	- 3.8	19.88	17.00	21.25	13.50	16,891	4.92	2.42	103.3	16.9	.16	.9	NEW	3 mos.	02-85	254.9	29.1	1.6	- 36.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd ..... O	1.25	- .13	- 9.1	1.50	1.25	3.25	1.00	46	.25	.20	25.0	NE	.00	.0	.....	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc ..... N	14.63	- .25	- 1.7	15.13	14.63	16.38	11.38	1,916	1.45	.60	141.7	10.5	.52	3.6	.....	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck ..... N	34.50	- .38	- 1.1	35.13	33.88	37.63	29.50	39,027	1.08	.83	30.1	8.6	1.76	5.1	.....	fiscal	12-84	11097.7	2.1	558.3	- 4.2	1.54	- 6.7	38830.0	7.8	1450.0	8.0	4.01	5.5
SW Forest Ind ..... N	14.75	- .75	- 4.8	15.50	14.50	22.50	13.50	1,330	1.43	1.40	2.1	17.8	.00	.0	.....	fiscal	12-84	189.9	47.3	.9	NE	(.06)	NE	777.4	22.2	14.0	NE	.83	NE
Std Brd Pnt ..... N	19.63	- 1.00	- 4.8	20.88	19.50	22.00	16.50	4,094	3.67	2.05	79.0	11.1	.54	2.8	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen ..... N	36.88	2.38	6.9	37.25	33.50	38.75	19.75	5,654	3.18	1.06	200.0	14.9	.42	1.1	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wolohan Lumber ..... M	6.25	- .13	- 2.0	6.50	6.00	7.00	4.00	1,042	1.78	1.12	58.9	13.9	.16	2.6	.....	fiscal	12-84	36.2	27.0	.8	300.0	.14	250.0	139.2	23.8	2.6	100.0	.45	95.7
Wholesalers																													
Lewis Palmer ..... M	9.63	.38	4.1	9.63	8.63	9.75	7.09	888	2.38	1.48	60.8	14.8	.28b	2.9	.....	6 mos.	07-84	40.3	19.9	.5	- 16.7	.15	- 21.1	69.4	17.0	.8	14.3	.25	- 7.4
Manufacturers																													
Allegheny Int ..... N	26.75	- .50	- 1.8	28.00	26.75	28.75	18.75	3,647	3.46	.89	288.8	NE	1.40	5.2	.....	fiscal	12-84	354.1	- 44.0	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard ..... N	31.88	- 1.25	- 3.8	33.88	30.25	35.38	22.88	13,146	3.37	.97	247.4	10.4	1.60	5.0	.....	fiscal	12-84	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld ..... N	32.25	- 3.25	- 9.2	35.50	30.38	38.00	22.88	8,162	3.42	1.81	89.0	8.5	1.20	3.7	.....	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker ..... N	24.00	- 1.00	- 4.0	25.13	23.75	26.88	17.25	12,185	2.42	1.89	28.0	12.2	.64	2.7	.....	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed ..... N	22.75	- 1.63	- 7.6	25.00	22.50	27.13	15.75	1,670	.88	.77	14.3	10.5	.70	3.1	.....	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl ..... N	21.13	- .88	- 4.0	22.00	20.38	26.75	16.88	33,704	3.63	1.70	113.5	NE	.40	1.9	.....	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp ..... A	26.38	.25	1.0	26.63	24.50	26.75	13.63	184	1.53	.77	98.7	13.1	.16	.6	.....	fiscal	12-84	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc ..... N	36.13	- 1.25	- 3.3	37.50	36.13	37.88	26.75	392	.83	.48	72.9	10.1	1.40	3.9	NEW	fiscal	12-84	78.3	39.8	3.6	- 5.3	.71	6.0	407.4	22.7	19.6	10.7	3.56	12.3
Emhart Corp ..... N	26.75	- 3.25	- 10.8	30.13	26.75	32.25	24.53	6,264	2.28	.62	267.7	8.2	1.40b	5.2	.....	fiscal	12-84	448.7	.8	25.2	- 11.9	.69	- 33.0	1795.0	6.5	90.0	6.8	3.27	6.9
Georgia-Pacifc ..... N	22.13	- 1.00	- 4.3	23.75	22.00	27.38	18.00	28,680	2.80	1.94	44.3	22.8	.80	3.6	.....	fiscal	12-84	1348.0	- 17.9	(99.0)	- 100.0	(1.02)	- 100.0	6682.0	3.3	119.0	13.3	.97	.0
Insilco Corp ..... N	19.63	.72	3.8	19.63	18.63	20.72	13.31	1,430	.80	.70	14.3	10.8	1.00b	5.1	NEW	fiscal	12-84	180.9	12.1	7.3	5.8	.40	5.3	786.9	16.7	33.0	- 3.8	1.82	- 4.2
La Pacific ..... N	20.88	- 1.38	- 6.2	22.38	20.88	24.75	16.50	3,533	1.03	1.05	- 1.9	17.0	.78b	3.7	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMiln Bldel ..... N	18.13	- .50	- 2.7	18.75	18.13	23.97	16.84	108	.04	.02	100.0	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.78)	NE
Manville Cp ..... N	7.50	.13	1.7	8.13	7.13	11.38	5.50	4,399	1.83	2.30	- 20.4	3.4	.00	.0	.....	fiscal	12-84	472.6	9.6	18.2	1416.7	.50	NE	1873.5	8.3	77.2	14.9	2.18	23.9
Masco Corp ..... N	29.50	- 1.00	- 3.3	30.75	28.88	33.50	22.50	6,394	1.13	.68	66.2	14.8	.56	1.9	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum ..... N	43.88	.75	1.7	43.88	41.38	45.25	27.00	2,271	1.46	1.93	- 24.4	6.4	2.00	4.6	.....	fiscal	12-84	429.2	38.7	25.2	37.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos ..... N	17.63	- 1.38	- 7.2	19.00	17.63	19.00	13.25	1,014	1.18	.52	126.9	10.9	.50	2.8	.....	fiscal	12-84	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning ..... N	33.38	.50	1.5	34.00	32.00	37.00	25.13	3,634	1.23	1.43	- 14.0	8.6	1.40	4.2	.....	fiscal	12-84	756.0	2.7	33.6	2.4	1.14	- .9	3021.2	9.7	113.9	42.9	3.87	39.7
Pope & Talbot ..... N	19.00	.38	2.0	19.38	18.38	22.75	15.00	463	.77	.35	120.0	NE	.80	4.2	.....	fiscal	12-84	79.1	6.5	(4.7)	- 100.0	(.79)	- 100.0	320.8	12.2	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp ..... N	33.50	- 2.25	- 6.3	36.25	32.75	38.13	25.75	845	.55	.98	- 43.9	12.0	1.56	4.7	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms ..... N	32.25	.38	1.2	32.75	31.25	35.25	23.63	3,353	1.49	1.23	21.1	11.4	.92	2.9	.....	fiscal	12-84	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works ..... N	27.13	- 1.50	- 5.2	29.00	27.13	30.38	19.50	3,221	1.20	1.08	11.1	10.4	.96	3.5	.....	fiscal	12-84	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds ..... N	16.25	- .50	- 3.0	17.00	15.63	18.88	12.38	376	.44	.29	51.7	8.7	.62b	3.8	.....	fiscal	12-84	77.1	30.7	3.9	11.4	.46	12.2	291.7	31.4	15.9	39.5	1.87	29.0
Triangle Pac ..... N	29.75	- .63	- 2.1	30.38	29.13	31.25	20.75	657	1.62	2.37	- 31.6	9.0	1.00	3.4	.....	fiscal	12-84	63.1	7.5	2.9	.0	.71	1.4	270.6	19.8	13.6	19.3	3.30	17.9
USG Corp ..... N	34.50	- .50	- 1.4	35.44	34.00	35.63	22.50	10,493	3.18	2.21	43.9	6.1	1.68	4.9	NEW	fiscal	12-84	610.6	40.1	41.3	45.9	1.24	47.6	2318.6	43.9	186.6	132.4	5.64	136.0
Walter, Jim ..... N	34.13	.38	1.1	34.25	31.63	37.00	22.00	5,898	2.82	1.78	58.4	7.3	1.40	4.1	.....	3 mos.	11-84	558.3	- 1.1	27.1	21.0	1.24	20.4	558.3	- 1.1	27.1	21.0	1.24	20.4
Waxman Ind ..... M	16.75	- .75	- 4.3	17.75	16.25	19.00	4.38	92	.54	1.62	- 66.7	15.7	.06	.4	.....	6 mos.	12-84	20.4	121.7	.5	150.0	.30	233.3	40.9	109.7	1.2	200.0	.70	204.3
Weyerhaeuser ..... N	27.63	- 2.38	- 7.9	30.00	27.50	34.00	25.00	21,668	1.67	.97	72.2	18.2	1.30	4.7	NEW	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

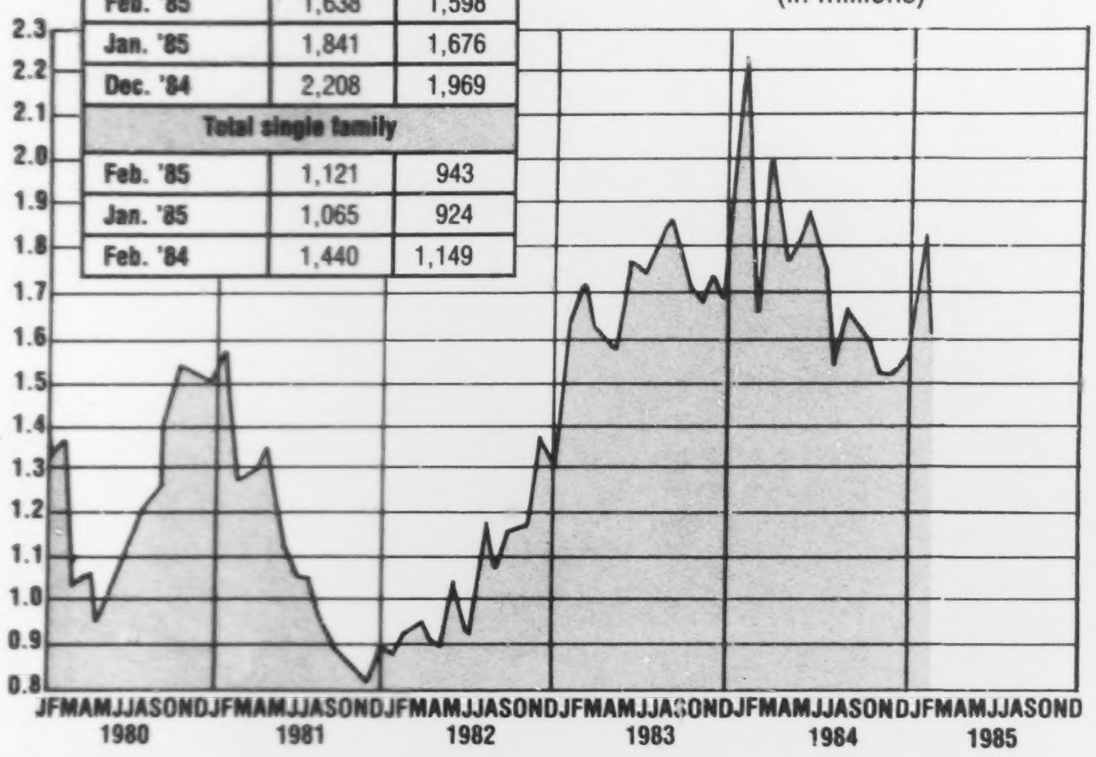
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

HOUSING WATCH

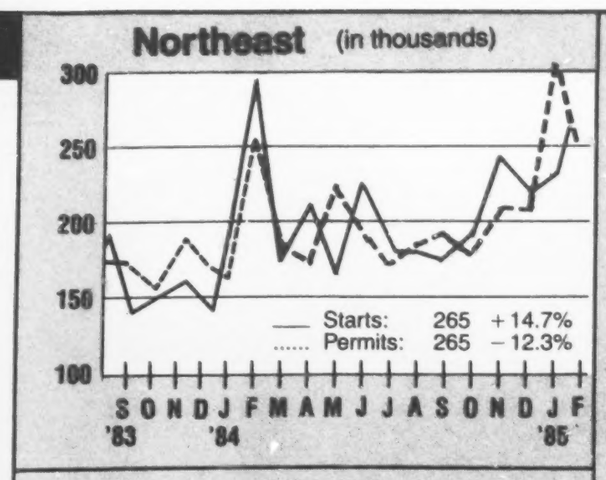
TOTAL (in thousands)	Starts	Permits
Feb. '85	1,638	1,598
Jan. '85	1,841	1,676
Dec. '84	2,208	1,969
Total single family		
Feb. '85	1,121	943
Jan. '85	1,065	924
Feb. '84	1,440	1,149

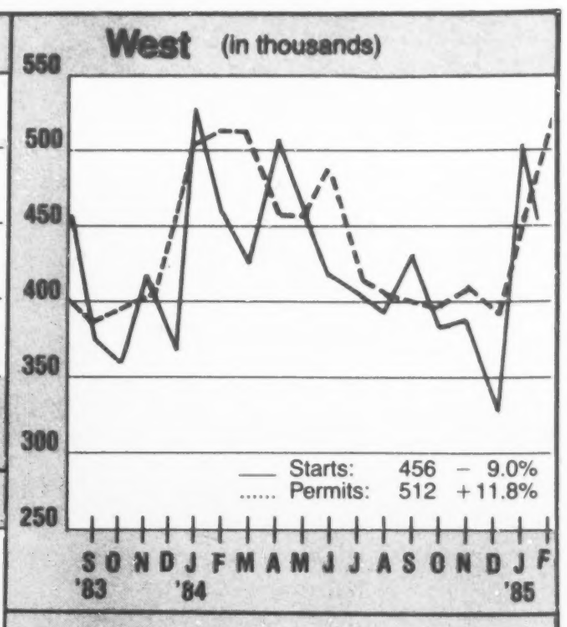
U.S. housing starts

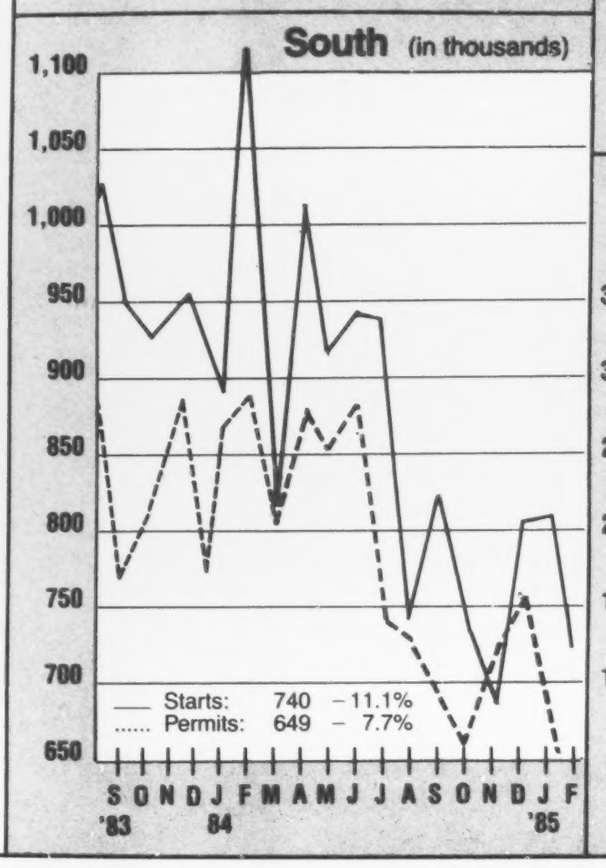
Seasonally adjusted annual rates
(in millions)

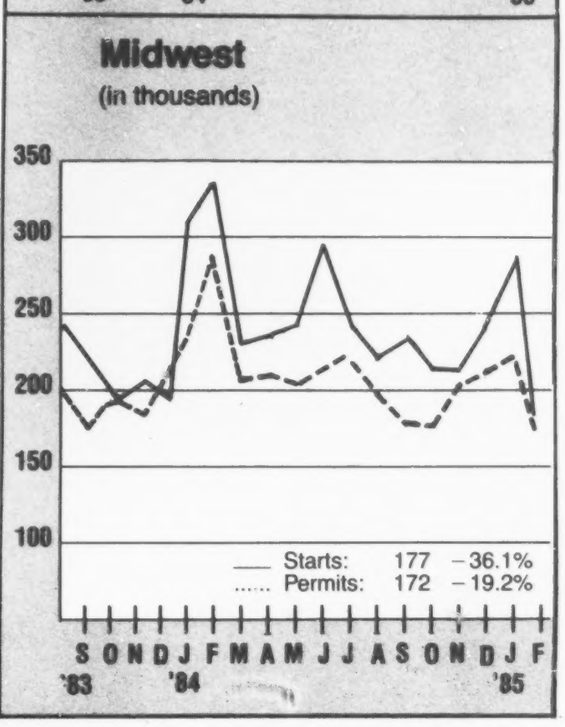


Although February's total housing starts fell by 11% over the previous month to 1.63 million units, seasonally adjusted, single-family housing starts remained strong, according to the Dept. of Commerce. Single-family starts rose 5.3% above January's figures to 1.12 million units, seasonally adjusted, and single-family building permits were up, too, rising 2.1% in February to 0.94 million units.









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Realtors warn: tax plans imperil housing market

WASHINGTON — Passage of the Treasury Department's controversial tax "simplification" package—or either of the two other major tax reform proposals pending now in Congress—would sharply reduce home values and plunge the housing construction market into a three-year depression, researchers warned industry leaders at the National Association of Realtors' tax conference last month.

Even though all of the bills under consideration on Capitol Hill would preserve the existing tax deduction for mortgage interest (at least on a homeowner's "primary residence"), the value of those deductions would decline sharply because of lower income tax rates, according to a new forecast prepared for the association by Data Resources Inc.

Predicting that "heavier posttax mortgage payments due to lower marginal tax rates and heavier taxation of secondary residences would have a negative impact on homebuilding activity," DRI chief economist Roger Brinner released figures indicating that single-family housing starts would drop 8.3% below present 1986 projections if the Treasury tax bill is enacted.

In contrast, DRI's study found that the Bradley-Gebhardt "FAIR" tax reform proposal would depress single-family housing starts by 9.6% next year, while the Kemp-Kasten "FAST" measure would reduce starts by 5.2% below "baseline" projections for 1986 construction activity.

The chief concern raised at the meeting was that all of the pending measures would raise the after-tax cost of home ownership sharply.

Although supporters of the various pending tax reform proposals contend that their plans would offset these negative effects on the housing market by reducing interest rates, researchers told industry execs at the NAR conference that it would take half a decade for these tax changes to have any meaningful impact on mortgage rates.

LUMBER REPORT

U.S./Canada talks to tackle tough trade issues

By Ronald R. Gurczynski
NHCN associate editor

NATIONAL REPORT — Additional trade discussions, including the topic of Canadian softwood lumber imports, were scheduled to take place earlier this month.

The meetings between officials from the United States and Canada were expected to center on tariffs and standards, and are a continuation of the bilateral trade dialogue that began on Feb. 28.

Attendees at that earlier conference said that there was no progress made toward a resolution of the Canadian lumber imports situation. However, United States Government representatives let it be known, in not uncertain terms, that lumbermen in this country are very concerned with this issue.

Officials from both sides also discussed currency exchange rates, a lumber consumption forecast, standards and tariffs on plywood, and duties on specialty wood products. But there were no discussions about either recently introduced United States legislation (*NHCN*, March 11) that would limit the importing of Canadian softwood lumber or voluntary restraints by the Canadians. Because of antitrust implications, United States lumber industry representatives could not sit in on the sessions.

H. A. Roberts, president of the Western Wood Products Assn. (WWPA), said the meeting was a preliminary effort to identify issues of the market situation and factors affecting trade in wood products. Roberts acted as an adviser to the American delegation.

Canadian International Trade Minister James Kelleher commented that the strength of the U.S. dollar was not the main source of Canadian/American trade problems, since the trade difficulties had been fomenting before the U.S. dollar made its current surge on world markets. Kelleher saw the main cause of the problem to be poor lumber market conditions in the United States and added that the U.S. Government's own 1983 investigation found that Canadian policies with regard to stumpage did not amount to a (Canadian) government subsidy. Kelleher added that his government believes it is not doing anything improper or contrary to American legislation.

In its March 1, 1985, issue, Random Lengths noted that industry observers were cautious "about expecting too much from the talks." The observers said that the Reagan Administration has been hostile to any actions that result in restraint of free trade and that the U.S. Government will likely avoid moves that would offend the new government of Prime Minister Brian Mulroney.

In related developments that could affect the direction and tone of the bilateral trade discussions, the Canadian dollar fell to between 71¢ to 72¢ at the end of February. Earlier in the month, it had been worth 75¢. Any widening in the currency exchange rate could add pressure to calls for the limitations on Canadian lumber imports. But the drop in the Canadian dollar and other United States trading partners is a reflection of the U.S. dollar's continued strength.

And on Jan. 15, The American Plywood Assn. (APA) joined with other representatives of the U.S. wood products industry at a Washington, D.C., hearing. The representatives voiced their oppcsition to reduced tariffs for selected products manufactured in Canada.

At the time, according to the APA's Jan. 28 Management Report, APA director of market research and economic services, Robert Anderson, gave testimony to the U.S. International Trade Commission. In his remarks, Anderson pointed out that free trade with Canada in structural panels is currently prevented by more than tariffs.

(Continued on page 15)

FUTURES

Two weeks ended March 14, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
March '85	136.30	124.00	125.30	128.60	288	220.00	123.10
May	140.80	132.90	133.40	135.20	3,542	225.00	132.00
July	149.20	141.80	142.40	143.50	1,472	230.50	141.00
Sept.	154.70	148.00	149.30	148.90	895	197.50	146.80
Nov.	155.80	149.50	150.40	150.00	932	186.10	149.50
Jan. '86	160.50	155.00	155.60	156.50	189	187.30	155.00
March	165.00	160.50	161.10	156.50	52	188.20	159.50

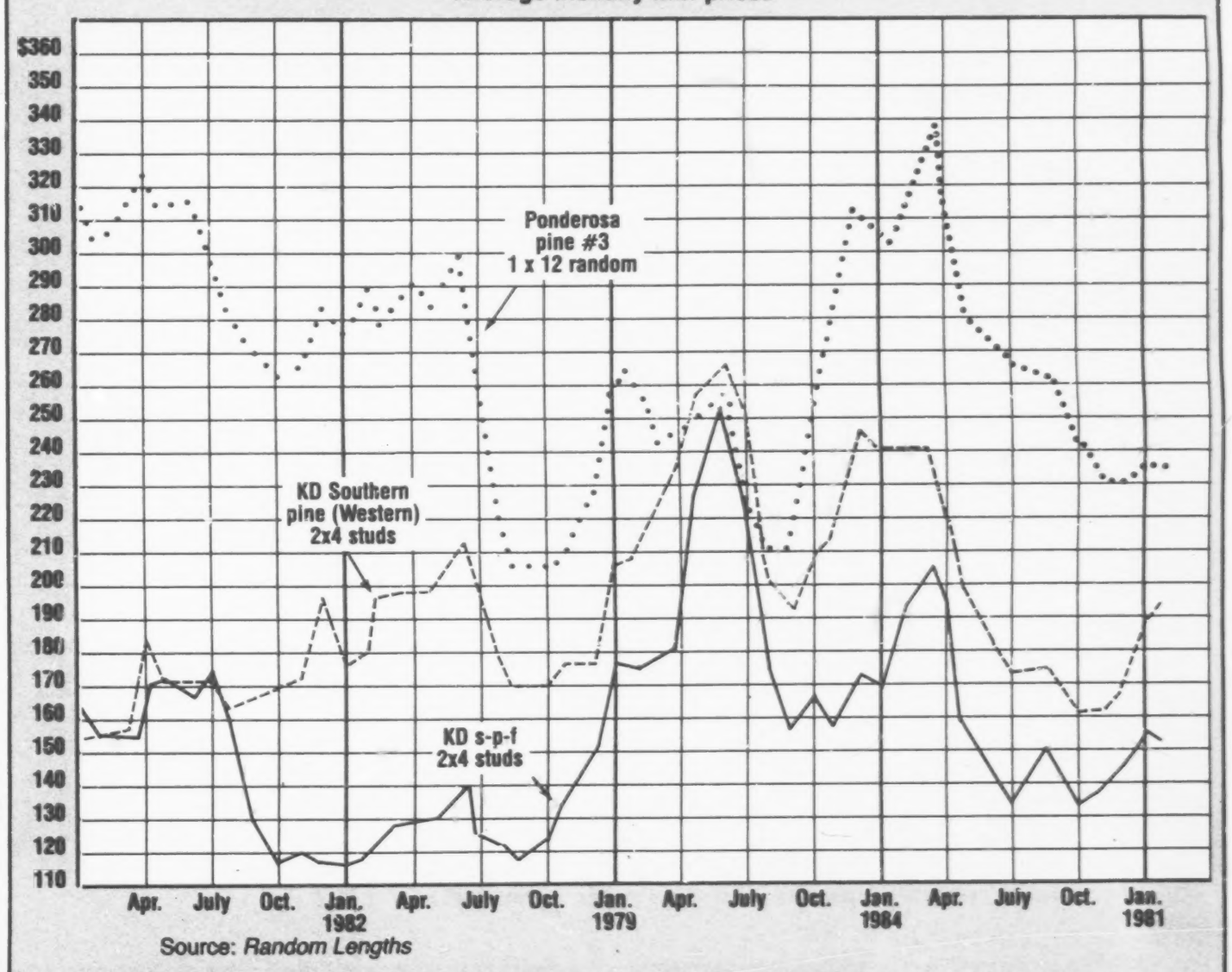
Total Contract Vol. (Through 3 /14): 21,377 — **Previous Two Weeks: 21,671**
Total Open Interest (As of 3/14): 7,370 — **Previous Week: 8,252**
Cash Price: $139.16 — **Previous Week: $138.18** — **Year Ago: $184.20**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	—	—	—

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, March 14.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

Lumber prices turned in mixed results for February. KD southern pine (western) sold for $194 per thousand board feet, up from January's $188 figure.

A thousand board feet of KD s-p-f studs was down to $157 in February, off from January's price of $160. Ponderosa pine #3 1X12's remained stable at $258 per thousand board feet, the same price recorded in January.

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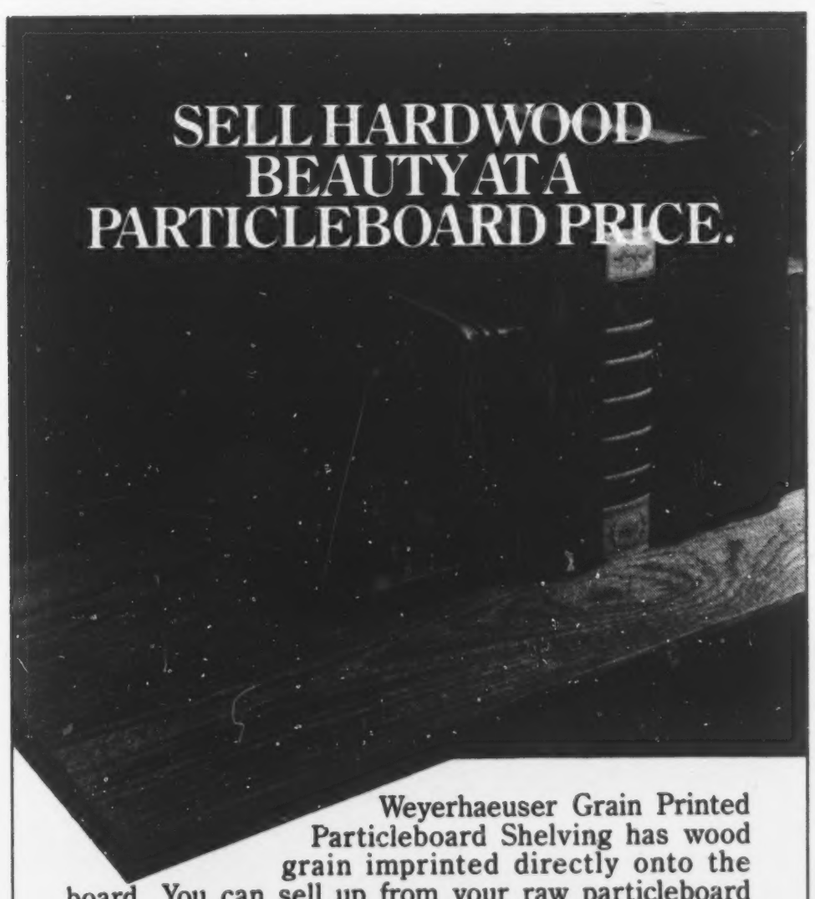

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LUMBER REPORT

U.S./Canadian talks set to deal with wood tariffs and standards

(Continued from page 14)

As an example, he cited "an effective nontariff barrier" Canada's unnecessarily restrictive plywood standards which prevent utilization of American CDX in construction governed by American codes. Anderson further emphasized that while APA strongly endorses free trade between nations, "free trade must also be fair trade."

Anderson surged the U.S. International Trade Commission to hold in place the existing tariffs for Canadian plywood and other structural panels "until such time as fair trade can be assured." The first step toward a realistic free trade agreement, he added, "is to achieve a harmonization of standards between the U.S. and Canada."

* * *

In an effort to hold the line on costs, several wood products companies have asked their employees to accept sizable cuts in their union contracts.

In late February, Weyerhaeuser Co., Bohemia Inc. and South Coast Lumber told its employees they would have to take pay cuts and other concessions to avoid further layoffs and work reductions.

Key issue

Weyerhaeuser proposed employee givebacks saying that the deal was essential to the survival of its existing western woods and wood products operations. The company is asking its union employees in the Northwest to accept wage reductions of from $2.50 to $3 per hour.

Weyerhaeuser also asked for the repeal of a 4.5% wage increase due to take effect June 1, fewer paid holidays, and reductions in other employee benefits. However, the company is offering plant closure benefits, compensation for laid-off workers, and early retirement options.

About 5,500 Weyerhaeuser employees in the Northwest, who work in sawmills, plywood plants and logging operations, would be affected by the proposal. Pulp and paper workers would not be included in the proposed reductions. Officials from two of the wood-working unions said they oppose the planned give-backs. Officers of the International Woodworkers of America and the Lumber Production and Industrial Workers said they would not bargain with any single company since, by contract, the unions are bound to negotiate only with management as a group.

Two other Oregon companies have followed Weyerhaeuser's lead and have asked for employee pay and benefits reductions. About 1,300 employees of Bohemia Co. are involved, while at South Coast Lumber, of Brooking, Ore., 450 employees have been asked to take a 10% wage cut.

L-P posts net income gain of 51% in 1984

PORTLAND, Ore. — Louisiana-Pacific Corp. (L-P) saw substantial sales and income increases in 1984, but earnings for the year remained relatively flat.

Sales in 1984 were $1.23 billion, an 11.6% increase over 1983's sales total of $1.1 billion. Net income in 1984 was $42.2 million, a 51% increase over the $27.9 million earned in 1983. Earnings, exclusive of extraordinary items, were $22.7 million in 1984, a 1.7% decline from the $23.1 million figure recorded one year earlier.

In 1984's fourth quarter, L-P had net income of $1.95 million, on sales of $283.8 million. This compares with net income of $7.05 million and sales of $292.5 million in 1983's fourth quarter. Both fourth quarter net income figures include unusual items. In 1983, fourth quarter income included $4.8 million from L-P's sale of a medium density fiberboard plant in California.

In 1984, several fourth quarter events had significant impact on the company's earnings. In October, the company sold approximately 22,500 acres of timber and timberland in northern California to Pacific Lumber Co. for $24 million. The sale resulted in a pretax gain of $23.5 million. In addition, the company recorded a fourth quarter pretax charge of $10.1 million, representing a reduction in the value of certain Western assets and related timber to their net realizable value. Also recorded in the quarter was a $12 million pretax charge representing the company's initial estimate of the buyback penalty to be paid under the recently passed Timber Contract Payment Modification Act.

Another factor affecting 1984 net income was the company's sale in January of its investment in National Gypsum Co. common stock. The sale resulted in a pretax gain of $33.6 million.

Harry Merlo, L-P's chairman and president, blamed 1984's showing on the high level of Canadian imports, while at the same time, he said L-P's pulp and panel products were strong contributors to the company's earnings.

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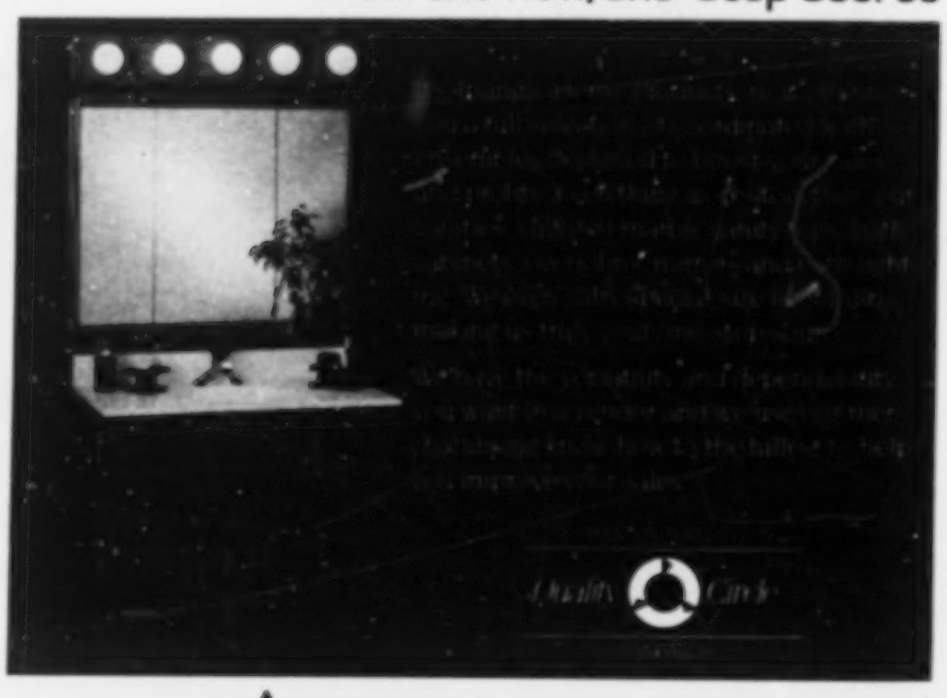

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Spreading the word on tool innovation—pp. 45-54

Home Center Show wrap-up—pp. 16-41

National Home Center News®

Vol. 11, No. 9 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. April 22, 1985

JBM sells chain back to Neiman

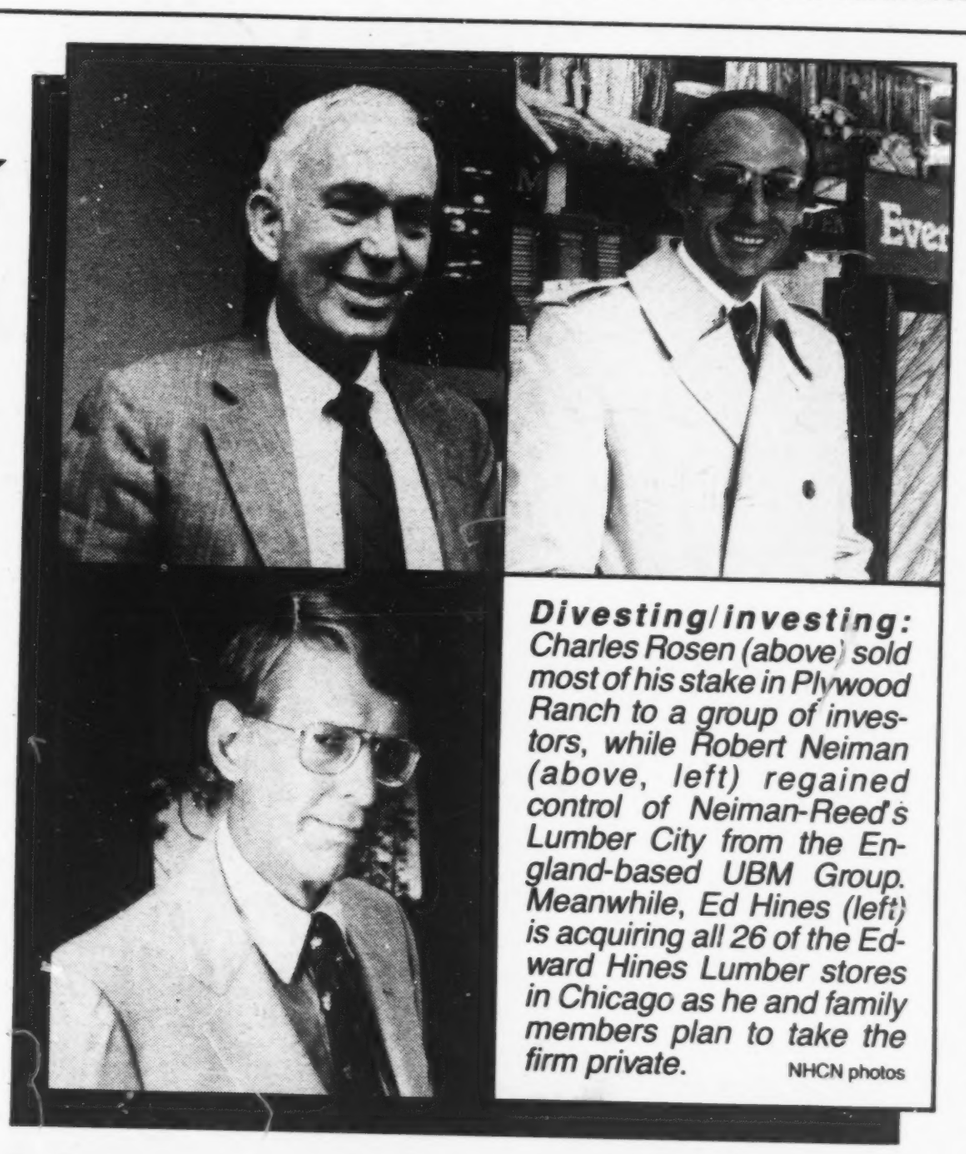
By Brad Altman
NHCN associate editor

VAN NUYS, Calif. — UBM Group Ltd. of Bristol, England, has sold its majority ownership in 12-unit Neiman-Reed's Lumber City to a group of investors headed by Lumber City chairman and co-founder Robert Neiman.

Neiman's group paid $6.25 million for UBM's 51% ownership share, meaning he and his investors now own the privately held company which is 39 years old.

UBM has held majority ownership in Lumber City since 1981. A July 1986 deadline was nearing before which UBM could exercise its option to buy out the remaining 49% of the company held by Neiman's

(Continued on page 83)



Divesting/investing: *Charles Rosen (above) sold most of his stake in Plywood Ranch to a group of investors, while Robert Neiman (above, left) regained control of Neiman-Reed's Lumber City from the England-based UBM Group. Meanwhile, Ed Hines (left) is acquiring all 26 of the Edward Hines Lumber stores in Chicago as he and family members plan to take the firm private.* NHCN photos

Rosen sells 80% of Plywood Ranch to investor group

By Ronald R. Gurczynski
NHCN associate editor

BRAINTREE, Mass. — Plywood Ranch, the troubled 12-store home center chain based here, was sold late last month to a small group of private investors.

Charles Rosen, owner of the company which now operates 10 company-owned stores and two franchised units, sold 80% of his stake in Plywood Ranch to two, out-of-state businessmen from outside of the industry.

Bob Capron, merchandising head at Plywood Ranch, said the new owners bought the ailing chain with the express intention of turning it around and aggressively expanding the number of stores. However, one Plywood Ranch store manager said that expansion of the chain was one of a bank's requirements in order for the buyout to proceed. While Capron did not comment on this, he did say Plywood Ranch will open a new store "very soon and we intend to open another 10 to 15 stores as early as possible."

The deal to sell Plywood Ranch was closed in late March and an extensive check of the company's inventory was conducted over the weekend of March 30-31. Final sales papers were scheduled to be signed on Friday morning, April 5.

Sources close to the company said that after the sale, Rosen would become chairman of the

(Continued on page 83)

Ed Hines taking company private; family acquiring Chicago stores

By John Caulfield
NHCN senior editor

CHICAGO — Ed Hines, the president and chief executive officer of Edward Hines Lumber Co. here, plans to acquire all 26 of the company's Chicago-based retail stores for an estimated $26 million.

Representing himself and family members, Hines, on April 2, signed a letter of intent to purchase the stores. As payment for the units, the company will redeem 306,568 shares of Hines stock and 477,161 shares of Southern Mineral Co. common stock owned by the Hines family.

These holdings represent 17% of the 1.77 million shares of Hines stock outstanding and 45% of the company's equity stake in Southern Mineral. On April 4, Hines Lumber was trading over-the-counter for $40 per share, and Southern Mineral was going for $6.50 per share, making the total stock exchange worth $15.4 million. The rest of the $26 million is expected to be paid in cash.

The sale is subject to approval by the company's shareholders, and a full proxy statement of the transaction is scheduled to be distributed by the end of the month. Hines said the deal, which also includes the acquisition of a component plant in St. Charles, Ill., should be consummated by July.

Hines Lumber's sale of its Chicago retail units is part of its overall efforts to liquidate all its assets, which include its distribution network, wholesale trading operations, a lumberyard on Chicago's south side, a component plant in Bedford Park, Ill., and the seven store Kindt Corp., a retail chain Hines acquired in April 1984.

Hines Lumber was placed on the block by its management last September when outside shareholders owning 23% of the company's stock complained that the shares were undervalued and demanded that Hines' businesses be sold off (*NHCN*, Oct. 8, 1984).

"I think our buying the stores is a very good solution to the outside shareholder problem," said Ed Hines in a telephone interview with *NHCN*. "Plus, staying in the lumber business is something I want to continue doing."

Hines expected most of the

(Continued on page 83)

Home Shop liquidates Hardware Fair units

By John Caulfield
NHCN senior editor

BALTIMORE — Home Shops Inc. has nearly completed the liquidation of the inventory of all 10 of its Hardware Fair units, and is beginning to sell off these units as part of its first steps out of Chapter 11.

Under the protection of the Bankruptcy Code, Home Shops can "assign" the leases it holds on nine Hardware Fair units to new renters. The proceeds from these transactions can then be allocated for the operational expenses of its other 13 hardware/convenience stores in the Richmond, Va., market. The company owns one Hardware Fair unit, located in Bel Air, Md., which it is attempting to sell.

The Home Shops' has retained the services of a local real estate broker, Trout & Fox, to handle the sale of Hardware Fair, which its parent company, American Shelter Industries (AMSHEL), purchased in 1982 for $3.5 million.

This liquidation of inventory and stores comes a little more than one month after Home Shops, based in Richmond, filed bankruptcy. The company has nearly $14 million in total debt and, at the time of the filing, was generating only $150,000 in weekly revenues from its 23 stores

(Continued on page 84)

NEWSBREAKS

NEW COAST TO COAST LOOK. Coast to Coast, the 1,100-member franchise hardware chain launched a new prototype on April 12 in St. Paul, Minn. The 6,000-sq.-ft. store is designed for the chain's shift in emphasis from rural to urban markets.

LARGEST STORE FOR WILLIAMS. Williams Brothers, the $50 million Atlanta chain, opened its largest store with a 20,000-sq.-ft. showroom, about twice the size of the 10-store chain's largest unit until now, in the suburb of Marietta, March 27.

INSIDE:

Steinberg assures Wickes: 'No takeover in offing' —Page 2

Paneling makers meet, confront sagging demand —Page 3

Lloyd acquires Thriftys Home Centers —Page 3

Grace blames home centers for 1Q sag —Page 5

Rural Riggs rolls out 50,000-ft. store

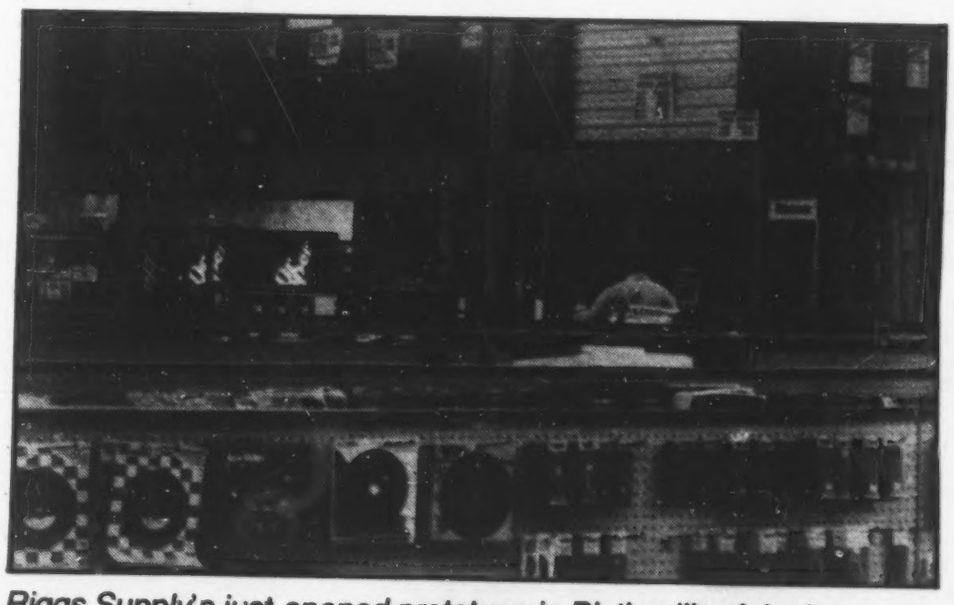
Laura Liebeck
NHCN field editor

BLYTHEVILLE, Ark. — This northeastern Arkansas town in the heart of cotton and soybean country is the newest location for the 126-year-old Riggs Supply Co., headquartered in Kennett, Mo.

Opened on March 4, the 50,000-sq.-ft. store—Riggs' seventh—with 10,000 sq. ft. of adjoining loading dock space, carries 50,000 stock keeping units of merchandise. Its customer base is 85% DIYer and 15% contractor.

Blytheville is the company's prototype unit. Total construction cost, including inventory,

(Continued on page 83)



Riggs Supply's just-opened prototype in Blytheville, Ark., has custom-built, 4-ft.-high fixtures, affording customers an unimpeded view of the store.

NHCNews Briefs

Industry Update

Hechinger names Rochester units

LANDOVER, Md. — Hechinger will move into the Rochester market during the second half of 1985 and is currently "looking at all markets in the Northeast," according to Phil Mansfield, executive vp.

The two Rochester locations will be warehouse stores. They mark Hechinger's northernmost expansion, although Mansfield said Rochester is within the company's 10-hour drive radius from its Landover base.

The New York stores will be located in existing buildings. The *Rochester Times-Union*, a local newspaper reported last month that the new Hechinger stores will be located in former Two Guys stores, one on Hudson Avenue on the northside of the city, and the other on West Henrietta Road at Jefferson Road in the town of Henrietta.

In keeping with its other warehouse home centers, the new Hechinger stores will carry approximately 25,000 stock keeping units of merchandise.

When Hechinger opens for business in Rochester, it will challenge Rochester-based Chase-Pitkin, an 11-unit home center company, eight Grossman's stores, 84 Lumber and a host of local independents.

Lowe's completes Boise buy out

NORTH WILKESBORO, N.C. — Lowe's has completed its previously announced plans to acquire 27 Boise Cascade stores in Texas and Oklahoma (*NHCN*, Feb. 25, 1985).

The purchase price was approximately $50 million in cash, which paid for real estate, inventory, certain accounts receivable and some fixtures and rolling equipment.

"This store acquisition, by far Lowe's largest to date, is indicative of our aggressive commitment to expand our network of stores," said Leonard G. Herring, Lowe's president and ceo. Lowe's now operates more than 270 stores in 21 states.

Eight of the newly acquired Boise Cascade stores are in the Dallas-Fort Worth market, nine are in central and northeastern Texas and six are in Oklahoma. The acquisition also included two door assembly plants, one large wholesale distribution complex and a small distribution facility in central Texas.

Belknap DC opening set

LOUISVILLE, Ky. — Belknap Inc., the hardware wholesaler here, is scheduled to open its new warehouse distribution center in this market on June 15.

The 350,000-sq.-ft. facility, which will replace an older warehouse, is expected to carry an estimated $8 million in inventory and around 35,000 stock keeping units. This DC joins Belknap's other units in Orlando, Fla.; Birmingham, Ala.; Charlotte, N.C.; New Orleans and Dallas.

In addition, Belknap has recently moved its headquarters three blocks west to office space in the city's First National Tower building.

Orchard to open 3 stores in '85

SAN JOSE, Calif. — Orchard Supply Hardware, the 18-unit W. R. Grace chain based here, is opening three stores this year, Tom Thorton, executive vp, said.

A retrofit of a Safeway supermarket in the East Bay community of Concord is scheduled for a June opening. Two build-to-suits, in the peninsula cities of Redwood City and Milbrae, are slated to open in the fall.

Mich. General adds 3 to board

DALLAS — Michigan General, parent of 96-unit Diamond Lumber, has added three new members to its board of directors. They are Marshall S. Cogan, Stephen C. Swid and Rocco A. Barbieri, all officers and directors of GFI Nevada Inc., a company that owns 1.86 million shares of common stock, or 16.5% of Michigan General.

GFI Nevada is a subsidiary of General Felt Industries, which initially acquired the Michigan General stock last September (*NHCN*, Sept. 24, 1984).

"We are delighted to have Messrs. Cogan, Swid and Barbieri on our board of directors," said John R. Boudreau, president and ceo of Michigan General. "We look forward to working with them and believe that their association with Michigan General will be beneficial to the company."

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Vol. 11, No. 9 April 22, 1985

Steinberg assures Wickes of no takeover

SANTA MONICA, Calif. — The purchase of a 10.4% stake in Wickes by a company controlled by financier Saul P. Steinberg last month appeared to be "an expression of confidence and interest" in the company rather than the beginning of a takeover attempt, Wickes officials told *NHCN*.

Steinberg contacted Wickes chairman and ceo Sanford C. Sigoloff on March 25 and indicated he was not making a take-over offer or requesting representation on the board, Wickes spokesman Michael Sitrick said.

Steinberg's Reliance Financial Services Corp., a unit of New York-based Reliance Group Inc., paid $33.6 million for 8.8 million of Wickes' approximately 94 million common shares outstanding during a nine-day period ended March 21. It also bought 1.2 million shares costing $4.3 million as part of a "when-issued" brokerage transaction.

Reliance is now Wickes' single-largest shareholder.

In a S.E.C. statement, Reliance said the securities "were purchased for investment as part of the general investment portfolios" of Reliance, a diversified international enterprise with operations in insurance, real estate, liquefied petroleum gas distribution and consulting services.

The S.E.C. 13-D filing reported that Reliance may increase its holdings or sell the stock at a future date.

The specter of a takeover was

(Continued on page 84)

K mart out to control 25% of whse biz

By Brad Altman
NHCN associate editor

LOS ANGELES — K mart expects to control more than one-fourth of the country's warehouse home center industry by the end of 1989, according to chairman Bernard Fauber.

Currently, the Troy, Mich.-based retailer operates 15 Builders Square warehouse outlets and expects to open another 28 this year. By the end of the decade K mart forecasts that there will be more than 100 Builders Squares.

"It is generally agreed that the warehouse home center industry has a capacity in the United States for approximately 400 of these very high-volume retail locations by 1989," Fauber told security analysts here last month. "We anticipate operating at least 125 of these units by the end of this decade."

K mart expects that its fast-track growth in the next several years will be spurred by Builders Square as well as its other specialty retailing businesses, which include Waldenbooks, Pay Less Drug Stores Northwest and a chain of Furr's and Bishop Buffets cafeterias. These businesses together will contribute about 5%, or $2.5 billion, of K mart's revenues this year, and grow in importance to 15% of total revenues and profits by the end of the decade.

Meantime, K mart continues to upgrade its 2,160-plus discount stores with the revamping of several in-store departments to a stronger upscale, fashion-oriented look.

About 200 stores now have K mart's Home Care Center, which Fauber described as a "complete neighborhood do-it-yourself store" emphasizing convenience DIY merchandise.

But, Fauber commented, "DIY retailing will probably be the hottest single category in all of retailing over the next several years."

K mart, which is the second largest general merchandise retailer behind Sears, recorded a setback in the fourth quarter with earnings falling 21%. Fauber said the results were caused by an aggressive inventory reduction and promotional program that caused heavier markdowns than expected. Full year results, although "not up to my expectations," were still a record $499 million, or 1.4% increase, in profits, on sales of $21.1 billion, a 13.4% sales increase.

NHCN names new associate publisher

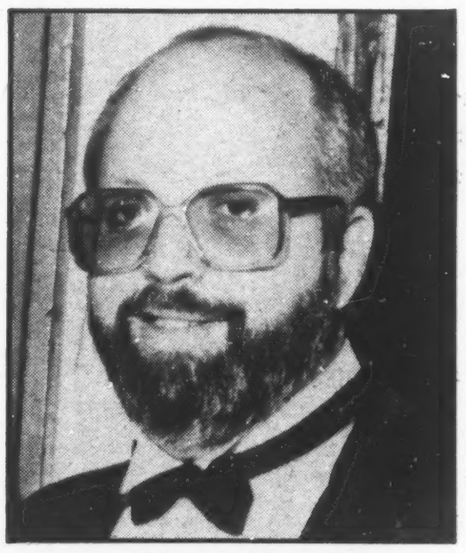
NEW YORK — Arthur Anderman, the founding publisher of *National Home Center News*, was promoted last month to publisher of *Nation's Restaurant News*, another Lebhar-Friedman publication.

His successor, Edward Nessel, formerly *NHCN*'s national sales manager, was named associate publisher.

Nessel joined *NHCN* about six years ago as a sales representative based in Chicago. He became Midwest sales manager in 1981 and national sales manager the next year.

(Continued on page 84)

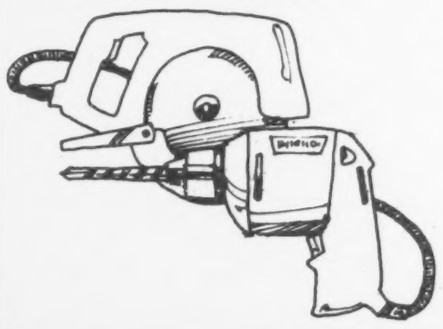
Arthur Anderman



Edward Nessel

Highlights in this issue

Merchandising



Home center dealers lament the lack of hand and power tool innovation, but suppliers claim it's all in the marketing.* **—Page 45

Both large chains and small independents are taking steps to reduce shrinkage in their tool departments by locking up valuable items.* **—Page 45

New architectural roofing bucks old trends, as vendors spice up once bland product category.* **—Page 64

NHCN's 10th annual Home Center Show party.* **—Pages 16-19

Dealers told to shop around for suitable system.* **—Page 41

Panelists pool ideas to attract customer mix.* **—Page 41

Advertising & Marketing

Marketing executives honored at first ad awards dinner.* **—Page 67

Major paneling manufacturers meet to confront sagging paneling demand.* **—Page 68

Newly released paneling study finds image problem with consumers.* **—Page 69

Index

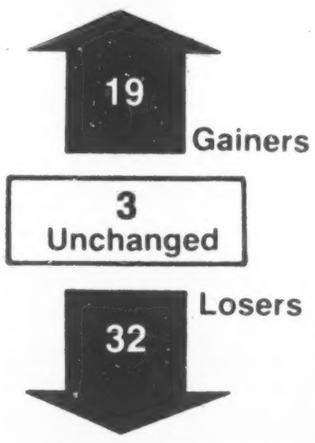
Ad Angles 70
Calendar 79
Classified 80-82
Editorial 9
Financial News 4, 5
Home Center Trivia 12
Housing Watch 10
Lumber Report 42
News S&O Products 74
People 12
Security/Shortage Control 75
Washington View 9

Systems & Operations

Inner Harbor cuts ticket errors with addition of computer system.* **—Page 74

New "double deep" pallet racking gives stores always stocked look.* **—Page 77

FINANCIAL NEWS



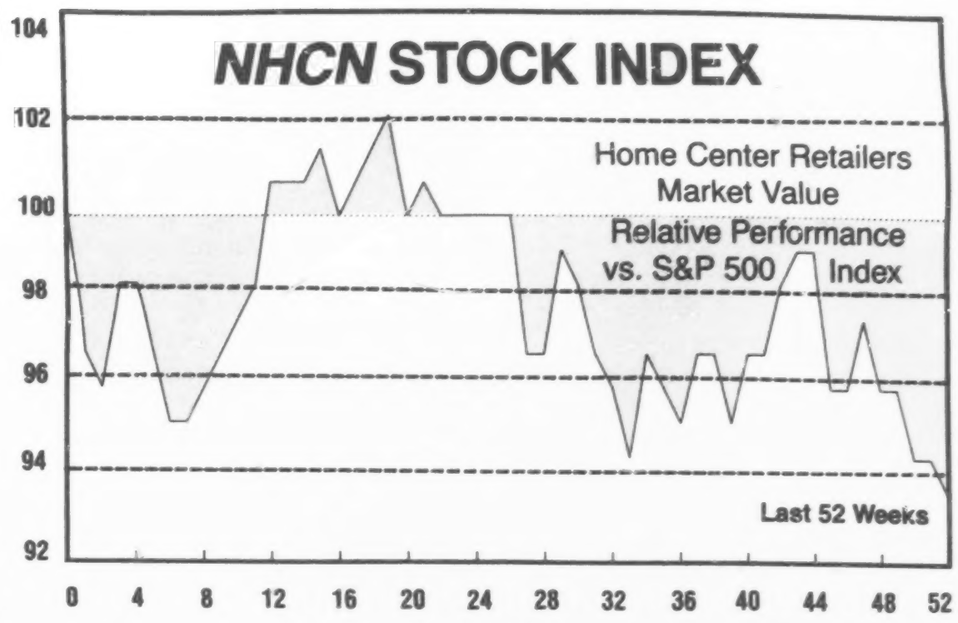
Home center stocks fell again for the two weeks ended April 5 and reflected the largely disappointing results in the overall public equity market.

Though not as poor a performance as the previous two-week period, losers still outnumbered winners, 32 to 19, with three stocks unchanged.

Homecrafters Warehouse, the single home center stock gainer during the previous two-week period, ended March 22, took one of the biggest slides in the current two-week period, down 7.9% to close at $8.75. The Birmingham, Ala.-based company has been very slow to release financial statements for its 1984 fiscal year, ended Jan. 31, 1985. The chain recorded poor second and third quarters last year and was expected to post another loss in the fourth quarter.

Home Depot, off slightly in the previous period, posted one of the larger losses in home center stocks, down 4.4% to close at $16.25.

Winners included Pay 'N Pak, Payless Cashways, Hechinger B and Edward Hines Lumber. Hines' stock rose after the announcement that president Edward Hines was purchasing the retail stores. The company recently added two stores to its Kindt operation, which will be sold separately (see story, page 1). And Pay 'N Pak, a gainer at the close of the latest two-week period, is still near its 52 week low.



Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
MacMlln Bldel ..... N	773	550.0	2.8
Waxman Ind ..... M	3,946	494.6	- 15.1
Edison Bros ..... N	2,971	270.9	- 1.5
Allegheny Int ..... N	2,948	176.2	1.4
Erb Lumber ..... O	69	148.4	7.3

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Weyerhaeuser ..... N	27,478	123.2	1.4
Supermkts Gen ..... N	4,139	121.9	2.7
Black & Decker ..... N	22,750	121.6	- 10.9
Pay N Pak ..... N	3,280	108.9	7.3
Lewis Palmer ..... M	1,075	80.0	- 11.7

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Emhart Corp ..... N	28.88	7.9	2,967
Pay N Pak ..... N	12.88	7.3	3,280
Erb Lumber ..... O	22.00	7.3	69
Manville Cp ..... N	7.88	5.0	3,240
Payless Cash ..... N	19.63	4.7	8,173

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Waxman Ind ..... M	9.50	- 15.1	3,946
Lewis Palmer ..... M	8.50	- 11.7	1,075
Black & Decker ..... N	21.38	- 10.9	22,750
Natl Lumber ..... M	5.25	- 8.7	413
Homecrafters Whse ..... M	8.75	- 7.5	1,735

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 4-04-85 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate: Amt. $	Indicated Divd. Rate: Yld. %
Retailers														
Boise Cascade ..... N	37.63	- .88	- 2.3	38.75	37.25	44.63	32.50	3,929	1.44	2.08	- 30.8	16.9	1.90	5.0
Color Tile ..... M	17.50	- .25	- 1.4	17.75	16.88	20.00	13.63	2,520	2.74	4.30	- 36.3	11.7	.00	.0
Edison Bros ..... N	32.50	- .50	- 1.5	33.25	31.50	39.75	31.50	2,971	2.93	.79	270.9	10.2	1.60	4.9
Erb Lumber ..... O	22.00	1.50	7.3	23.63	21.00	22.50	18.00	69	.77	.31	148.4	6.7	.00	.0
Evans Prod ..... N	2.25	.00	.0	2.38	2.00	7.75	1.75	1,446	1.05	1.72	- 39.0	NE	.00a	.0
Forest City Ent ..... A	21.00	- .75	- 3.4	21.63	21.00	22.25	15.00	38	.09	.15	- 40.0	67.7	.15	.7
Grace W R ..... N	40.63	- .25	- .6	41.88	40.38	44.50	36.50	6,226	1.28	.80	60.0	10.1	2.80	6.9
Hechinger A ..... M	23.75	- .25	- 1.0	24.25	23.75	25.00	13.50	262	.37	1.04	- 64.4	NA	.16	.7
Hechinger B ..... M	25.00	.50	2.0	25.50	24.00	27.25	14.00	722	.65	.61	6.6	21.7	.10	.4
Hines Ed Lumber ..... O	38.00	1.00	2.7	39.50	36.50	43.75	32.50	67	.38	.26	46.2	4.9	1.00	2.6
Homecrafters Whse ..... M	8.75	- .75	- 7.9	9.50	8.00	16.25	5.25	1,735	6.15	3.53	74.2	41.7	.00	.0
Home Depot ..... N	16.25	- .75	- 4.4	18.00	15.88	27.88	12.00	6,628	2.65	1.90	39.5	29.0	.00	.0
K mart Cp ..... N	33.25	- .88	- 2.6	34.25	33.00	41.50	26.75	20,342	1.62	2.21	- 26.7	8.0	1.24	3.7
Lowe's Cos ..... N	26.38	- .25	- .9	27.13	26.25	30.00	16.25	3,783	1.04	1.13	- 8.0	15.5	.36	1.4
Mich General ..... A	6.75	- .25	- 3.6	7.13	6.63	8.50	4.63	1,481	1.31	1.06	23.6	14.7	.00	.0
Natl Lumber ..... M	5.25	- .50	- 8.7	5.88	5.00	7.50	4.50	413	.73	.54	35.2	21.9	.00	.0
Pay N Pak ..... N	12.88	.88	7.3	13.25	12.00	17.50	11.50	3,280	3.28	1.57	108.9	11.4	.60	4.7
Payless Cash ..... N	19.63	.88	4.7	20.50	18.50	21.25	13.50	8,173	2.38	2.41	- 1.2	17.7	.16	.8
Scott Seabd ..... O	1.25	.00	.0	1.50	1.25	3.25	1.00	3	.02	.16	- 87.5	NE	.00	.0
Scotty's Inc ..... N	14.38	- .25	- 1.7	14.88	14.38	16.38	11.38	484	.37	.57	- 35.1	10.3	.52	3.6
Sears, Roebuck ..... N	33.50	- 1.00	- 2.9	35.00	33.13	37.63	29.50	38,391	1.06	.81	30.9	8.4	1.76	5.3
SW Forest Ind ..... N	13.75	- 1.00	- 6.8	14.63	13.50	22.13	13.50	1,569	1.69	1.43	18.2	16.6	.00	.0
Std Brd Pnt ..... N	20.13	.50	2.5	20.50	19.50	21.38	16.50	3,031	2.72	2.03	34.0	11.4	.54	2.7
Supermkts Gen ..... N	37.88	1.00	2.7	38.75	36.00	38.75	19.75	4,139	2.33	1.05	121.9	12.8	.42	1.1
Wolohan Lumber ..... M	6.25	.00	.0	6.38	6.13	7.00	4.00	388	.66	1.11	- 40.5	13.9	.16	2.6
Wholesalers														
Lewis Palmer ..... M	8.50	- 1.13	- 11.7	9.75	8.50	9.75	7.09	1,075	2.88	1.60	80.0	13.1	.28b	3.3
Manufacturers														
Allegheny Int ..... N	27.13	.38	1.4	27.13	26.25	28.75	18.75	2,948	2.79	1.01	176.2	NE	1.40	5.2
Am Standard ..... N	29.38	- 2.50	- 7.8	32.00	29.13	35.38	22.88	5,560	1.43	.99	44.4	9.6	1.60	5.4
Armstrng Wrld ..... N	32.75	.50	1.6	33.63	31.25	38.00	22.88	7,382	3.09	1.87	65.2	8.6	1.20	3.7
Black & Decker ..... N	21.38	- 2.63	- 10.9	24.25	20.75	26.88	17.25	22,750	4.52	2.04	121.6	10.9	.64	3.0
Certain-teed ..... N	22.50	- .25	- 1.1	22.75	21.25	27.13	15.75	1,958	1.03	.81	27.2	10.4	.70	3.1
Champ Intl ..... N	21.00	- .13	- .6	21.63	20.25	26.75	16.88	26,106	2.82	1.66	69.9	NE	.40	1.9
Clopay Corp ..... A	27.50	1.13	4.3	27.75	25.75	27.75	13.63	101	.84	.78	7.7	13.6	.16	.6
DeSoto Inc ..... N	33.88	- 2.25	- 6.2	36.00	33.50	37.88	26.75	266	.56	.48	16.7	9.5	1.40	4.1
Emhart Corp ..... N	28.88	2.13	7.9	29.38	27.25	32.25	24.53	2,967	1.08	.65	66.2	8.8	1.40b	4.8
Georgia-Pacifc ..... N	22.63	.50	2.3	22.75	21.00	27.38	18.00	22,071	2.15	1.62	18.1	23.3	.80	3.5
Insilco Corp ..... N	19.25	- .38	- 1.9	20.25	19.13	20.72	13.31	1,841	1.03	.72	43.1	10.6	1.00b	5.2
La Pacific ..... N	20.13	- .75	- 3.6	21.00	19.88	24.75	16.50	3,724	1.08	.92	17.4	16.4	.78b	3.9
MacMlln Bldel ..... N	18.63	.50	2.8	19.25	18.25	23.97	16.84	773	.26	.04	550.0	NE	.00a	.0
Manville Cp ..... N	7.88	.38	5.0	7.88	7.50	11.25	5.50	3,240	1.35	2.25	- 40.0	3.6	.00	.0
Masco Corp ..... N	29.00	- .50	- 1.7	30.38	28.88	33.50	22.50	4,302	.76	.66	15.2	14.5	.56	1.9
Natl Gypsum ..... N	44.00	.13	.3	44.88	43.00	45.25	27.00	3,025	1.94	1.89	2.6	6.4	2.00	4.5
Newell Cos ..... N	16.50	- 1.13	- 6.4	17.63	16.38	19.00	13.25	828	.96	.59	62.7	10.2	.50	3.0
Owens Corning ..... N	32.25	- 1.13	- 3.4	33.63	31.63	37.00	25.13	3,118	1.06	1.40	- 24.3	8.3	1.40	4.3
Pope & Talbot ..... N	19.50	.50	2.6	19.63	19.00	22.50	15.00	267	.45	.35	28.6	NE	.80	4.1
Potlatch Cp ..... N	32.13	- 1.38	- 4.1	33.38	31.38	38.13	25.75	956	.62	.87	- 28.7	11.5	1.56	4.9
Sherwin-Wms ..... N	32.50	.25	.8	33.50	31.88	35.25	23.75	2,777	1.23	1.14	7.9	11.4	.92	2.8
Stanley Works ..... N	27.63	.50	1.8	29.00	27.13	30.38	19.50	4,344	1.61	1.02	57.8	10.6	.96	3.5
Thos Inds ..... N	16.13	- .13	- .8	16.63	16.13	18.88	12.38	192	.23	.28	- 17.9	8.6	.62b	3.8
Triangle Pac ..... N	29.00	- .75	- 2.5	29.75	28.75	31.25	20.75	961	2.36	2.51	- 6.0	8.8	1.00	3.4
USG Corp ..... N	33.75	- .75	- 2.2	34.50	32.25	35.63	22.50	6,040	1.83	2.07	- 11.6	6.0	1.68	5.0
Walter, Jim ..... N	33.63	- .50	- 1.5	34.13	33.13	37.00	22.00	3,510	1.61	1.64	- 1.8	7.0	1.40	4.2
Waxman Ind ..... M	9.50	- 1.69	- 15.1	10.69	9.00	12.69	2.91	3,946	15.52	2.61	494.6	13.2	.08	.8
Weyerhaeuser ..... N	28.00	.38	1.4	28.50	27.00	34.00	25.00	27,478	2.12	.95	123.2	18.4	1.30	4.6

Company and Market	Financial Update: Latest Report: New Report	Period	Date Ended	Latest Quarter: Revenue $Mil	Revenue Chg. %	Net Income $Mil	Net Income Chg. %	E.P.S. $	E.P.S. Chg. %	Year-to-Date: Revenue $Mil	Revenue Chg. %	Net Income $Mil	Net Income Chg. %	E.P.S. $	E.P.S. Chg. %
Retailers															
Boise Cascade ..... N	.....	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile ..... M	.....	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros ..... N	.....	fiscal	12-84	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	- 32.7	3.19	- 29.3
Erb Lumber ..... O	NEW	fiscal	12-84	36.5	10.6	.8	NE	.98	NE	150.1	11.0	2.9	38.1	3.27	42.8
Evans Prod ..... N	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent ..... A	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R ..... N	.....	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A ..... M	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	NEW	fiscal	01-85	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	29.9	29.0	1.15	27.8
Hines Ed Lumber ..... O	.....	fiscal	12-84	68.4	10.3	8.8	2833.3	6.44	3477.8	280.8	12.5	11.1	516.7	7.74	651.5
Homecrafters Whse ..... M	NEW	fiscal	10-84	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot ..... N	NEW	fiscal	01-85	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp ..... N	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos ..... N	.....	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General ..... A	NEW	fiscal	12-84	105.1	- 7.0	.6	NC	.04	NE	449.4	134.1	5.4	63.6	.46	24.3
Natl Lumber ..... M	NEW	fiscal	12-84	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak ..... N	.....	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash ..... N	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd ..... O	.....	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc ..... N	.....	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck ..... N	.....	fiscal	12-84	11097.7	2.1	558.3	- 4.2	1.54	- 6.7	38830.0	7.8	1450.0	8.0	4.01	5.5
SW Forest Ind ..... N	.....	fiscal	12-84	189.9	47.3	.9	NE	(.06)	NE	777.4	22.2	14.0	NE	.83	NE
Std Brd Pnt ..... N	.....	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen ..... N	NEW	fiscal	01-85	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wolohan Lumber ..... M	.....	fiscal	12-84	36.2	27.0	.8	300.0	.14	250.0	139.2	23.8	2.6	100.0	.45	95.7
Wholesalers															
Lewis Palmer ..... M	.....	6 mos.	07-84	40.3	19.9	.5	- 16.7	.15	- 21.1	69.4	17.0	.8	14.3	.25	- 7.4
Manufacturers															
Allegheny Int ..... N	.....	fiscal	12-84	354.1	- 44.0	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard ..... N	.....	fiscal	12-84	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld ..... N	.....	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker ..... N	.....	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed ..... N	.....	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl ..... N	.....	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp ..... A	.....	fiscal	12-84	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc ..... N	.....	fiscal	12-84	78.3	39.8	3.6	- 5.3	.71	6.0	407.4	22.7	19.6	10.7	3.56	12.3
Emhart Corp ..... N	NEW	fiscal	12-84	448.2	.7	25.6	- 10.5	.69	- 33.0	1794.5	6.5	90.4	7.2	3.27	6.9
Georgia-Pacifc ..... N	.....	fiscal	12-84	1348.0	- 17.9	(99.0)	- 100.0	(1.02)	- 100.0	6682.0	3.3	119.0	13.3	.97	.0
Insilco Corp ..... N	.....	fiscal	12-84	180.9	12.1	7.3	5.8	.40	5.3	786.9	16.7	33.0	- 3.8	1.82	- 4.2
La Pacific ..... N	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMlln Bldel ..... N	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.78)	NE
Manville Cp ..... N	.....	fiscal	12-84	472.6	9.6	18.2	1416.7	.50	NE	1873.5	8.3	77.2	14.9	2.18	23.9
Masco Corp ..... N	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum ..... N	.....	fiscal	12-84	429.2	38.7	25.2	37.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos ..... N	.....	fiscal	12-84	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning ..... N	.....	fiscal	12-84	756.0	2.7	33.6	2.4	1.14	- .9	3021.2	9.7	113.9	42.9	3.87	39.7
Pope & Talbot ..... N	.....	fiscal	12-84	79.1	6.5	(4.7)	- 100.0	(.79)	- 100.0	320.8	12.2	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp ..... N	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms ..... N	.....	fiscal	12-84	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works ..... N	.....	fiscal	12-84	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds ..... N	.....	fiscal	12-84	77.1	30.7	3.9	11.4	.46	12.2	291.7	31.4	15.9	39.5	1.87	29.0
Triangle Pac ..... N	.....	fiscal	12-84	63.1	7.5	2.9	.0	.71	1.4	270.6	19.8	13.6	19.3	3.30	17.9
USG Corp ..... N	.....	fiscal	12-84	610.6	40.1	41.3	45.9	1.24	47.6	2318.6	43.9	186.6	132.4	5.64	136.0
Walter, Jim ..... N	NEW	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Waxman Ind ..... M	.....	6 mos.	12-84	20.4	121.7	.5	150.0	.20	233.3	40.9	109.7	1.2	200.0	.47	213.3
Weyerhaeuser ..... N	.....	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

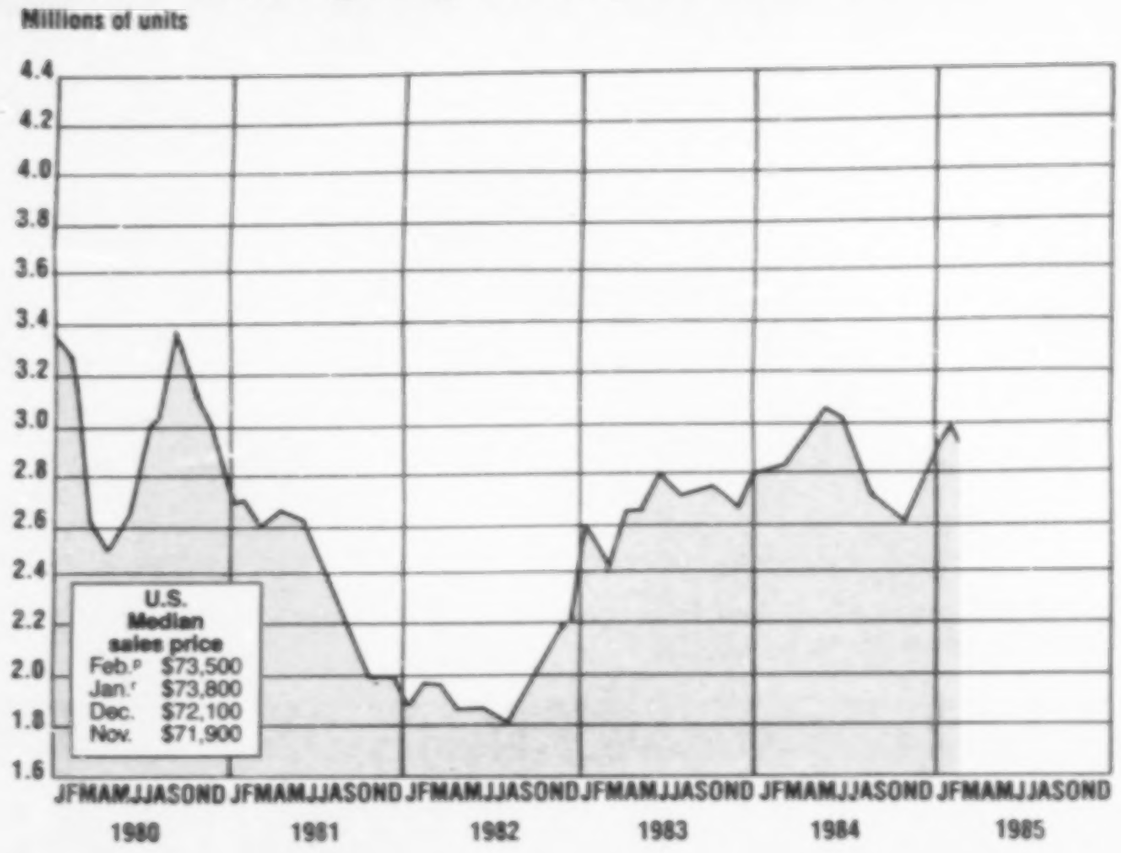
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

HOUSING WATCH

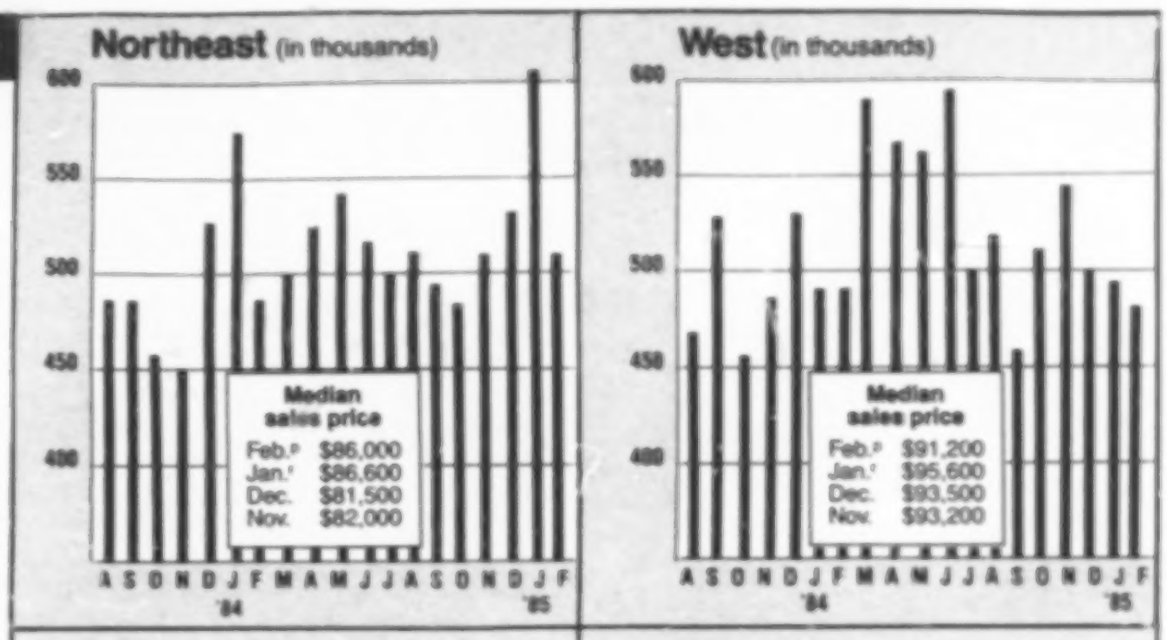
Existing single-family home sales

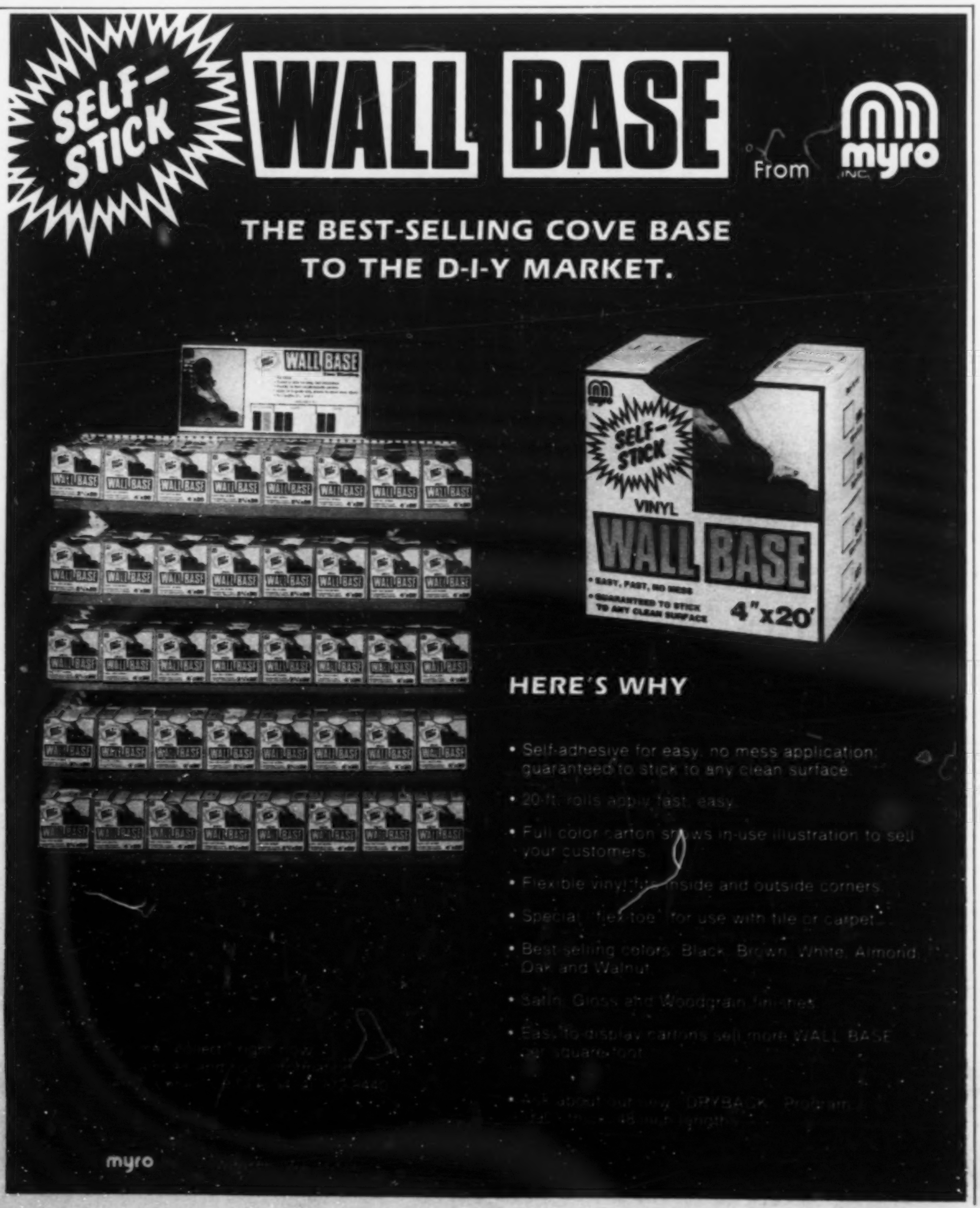


Home resales fell 2.7% in February to 2.92 million units, seasonally adjusted, according to the Nat'l Assn. of Realtors. This decline was largely due to the Northeast market, where only 510,000 units changed hands, a 15% drop from January's all-time record of 600,000 units, seasonally adjusted.

p = preliminary r = revised

Source: Nat'l Assn. of Realtors

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U.S. resales reverse field in February

NATIONAL REPORT — Home resales fell for the first time in five months in February, slipping 2.7% from the 3 million units sold in January, to 2.92 million units, seasonally adjusted, according to the Nat'l Assn. of Realtors.

This decline was partly due to the Northeast region where 510,000 units changed hands in February, a drop of 15% from the record high January figure of 600,000 units.

"February's annual resale rate in the Northeast returned to the average monthly rate in that region during 1984," said David D. Roberts, president of the association.

The West also recorded a decrease in home resales, dropping from January's 490,000 units, seasonally adjusted, to 480,000 units in February.

In other areas of the country, home resales remained strong. In the Midwest, 810,000 units changed hands—a 2.5% increase from January. The South maintained its resale rate of 1.12 million units. That region accounted for 38% of all existing single family houses sold in the United States.

Overall, February was still a strong month for resales with continued low interest rates encouraging move-up buyers and allowing more first-time buyers to enter the market. The average effective interest rate on a fixed loan mortgage was 13.47% in February, according to the Federal Home Loan Bank Board.

Interest rates could fall to just under 13% in the second and third quarters, according to the Nat'l Assn of Realtors, and on this basis the association forecasts that home resales could top 3 million by the year-end.

Although the median sales price of an existing single family home in the United States only dropped $300 from $73,800 in January to $73,500, the West saw a massive $4,400 decline in house prices. In that region, prices fell from $95,600 in January to $91,200 in February which is the lowest on record since September 1983.

LUMBER REPORT

New tactics employed in lumber import battle

WASHINGTON — Congress and the Reagan Administration recently increased the pressure on Canadian officials to reduce softwood lumber shipments to the United States, despite concerns that such import restrictions may increase the cost of a variety of wood products sold in the nation's home center chains.

In response to concerns raised by domestic lumber producers, U.S. Special Trade Rep. William Brock called for a fresh International Trade Commission study of the impact of Canadian softwood imports on the nation's economy—a move likely to generate additional ammunition for supporters of tough new restrictions on foreign lumber shipments.

Meanwhile on Capitol Hill, a House Interior Subcommittee approved legislation sponsored by Rep. Jim Weaver (D-Ore.) imposing new quotas on lumber imports which would require Canadian producers to reduce their exports to the U.S. by more than 20%.

Both moves are designed to influence on-going negotiations between Reagan Administration and Canadian officials in Ottawa over proposals for voluntary limitations on exports of lumber to this country.

In testimony before Weaver's House subcommittee last month, representatives from the Northeastern Lumber Manufacturers Association told Congress that "Canadian imports have caused a great oversupply of softwood lumber in the U.S. and have driven softwood lumber prices to artificially and harmfully low levels."

Even though the latest estimates indicate total U.S. consumption of softwood lumber reached nearly 40 billion board feet last year—the highest level since 1979—the current inflation-adjusted price of $65 per thousand board feet is some $20 below the average of a few years ago, domestic producers said.

One reason that prices have not kept pace with demand is that Canadian lumber imports have climbed to 13 billion board feet annually—32% of the total U.S. market, up from 19% a decade ago, officials from the Southern Forest Products Association testified.

Although he called the current lumber trade talks in Ottawa "constructive," SFPA assistant vice president Digges Morgan urged Congress to continue to keep the pressure on Canadian officials by moving ahead with Weaver's pending quota legislation.

As originally proposed, that bill (H.R. 1088) would have required Canadian producers to reduce exports of lumber "to their historic level of 25% of the U.S. market" for the next 10 years.

But during last month's House hearings Morgan and other domestic lumber industry leaders warned that even this cutback "may not be enough correction to help."

In response to those charges, Weaver amended his bill to extend the proposed quotas for 15 years, and that version won prompt approval from the subcommittee late last month.

The next key test for the pending lumber import quota bill could take place later this month when the debate over softwood trade restrictions shifts to the full House Interior Committee.

Although he expressed hope that the discussions between U.S. and Canadian negotiators will resolve the problem eventually, Weaver served notice that "I intend to move this bill as quickly as possible" in case those talks fail to reach a voluntary agreement.

At the same time, Brock's call for a new I.T.C. study of softwood imports served notice on Canadian officials that the Reagan Administration is also considering unilateral action to place restrictions on foreign lumber shipments.

Significantly, I.T.C. conducted a full-dress investigation of Canadian softwood imports three years ago and concluded that domestic mills are being unfairly injured by these shipments.

But the Commerce Department nevertheless refused to impose "counterveiling duties" on Canadian lumber and the level of imports has risen even further since then.

In a letter sent to I.T.C. only days before he was tapped by the White House to replace former Labor Secretary Ray Donovan, U.S. Special Trade Representative Brock cited the "continuing acute concern" among U.S. firms "over the strong competition from imported softwood."

By directing I.T.C. to complete the new lumber import investigation by the first week in July, Brock provided Canadian officials with an additional incentive to negotiate a settlement within the next few months.

FUTURES

Two weeks ended March 21, 1985

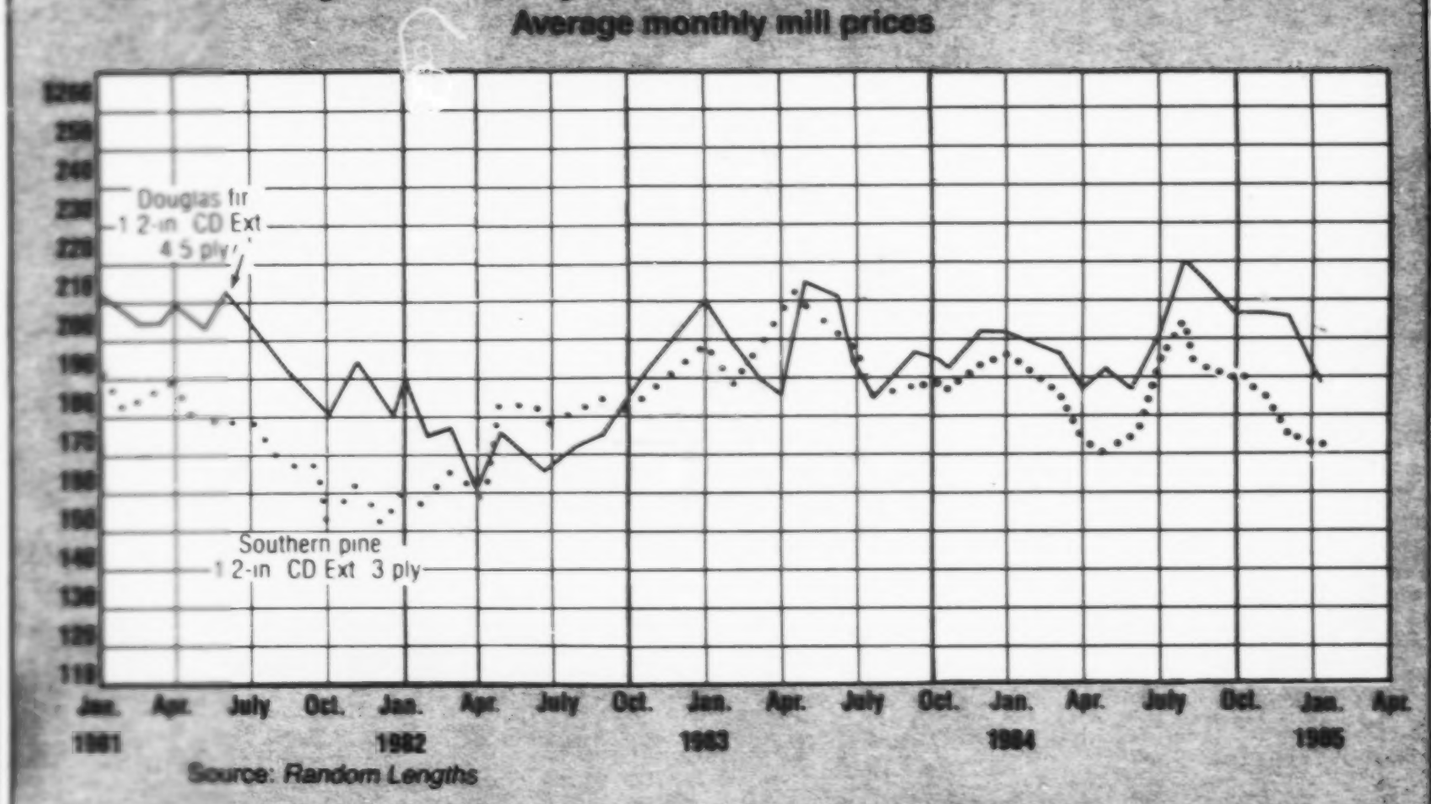
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '85	131.90	124.10	126.20	133.40	3,938	225.00	124.10
July	140.60	132.50	134.70	142.40	1,995	230.50	132.50
Sept.	146.50	139.30	140.40	149.30	957	197.50	139.30
Nov.	148.20	140.40	142.30	150.40	912	186.10	140.40
Jan. '85	154.30	147.20	148.20	155.60	720	187.30	147.20
March	160.00	152.00	152.50	161.10	58	188.20	152.00
May	164.50	155.50	155.70	—	19	164.50	155.50

Total Contract Vol. (Through 3/21): 20,468 — Previous Two Weeks: 26,933
Total Open Interest (As of 3/21): 8,130 — Previous Week: 7,370
Cash Price: $133.28 — Previous Week: $139.16 — Year Ago: $188.16

CME—Chicago Mercantile Exchange
*Figures for Thursday, March 21.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices


Douglas fir
1 2-in CD Ext
4 5 ply
Southern pine
1 2-in CD Ext 3 ply
Jan. Apr. July Oct. Jan. Apr. July Oct. Jan. Apr. July Oct. Jan. Apr. July Oct. Jan. Apr.
1981 1982 1983 1984 1985

Source: *Random Lengths*

Prices for western plywood continued to drop in February after a drastic decline the month before. Western plywood sold for $184 per thousand square feet in February, down from January's price of $189.

Southern pine plywood (westside) sold for $172 per thousand square feet in February, near January's $173 figure.

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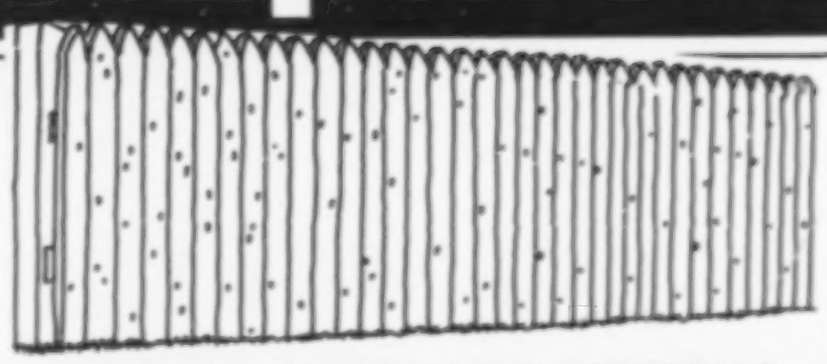

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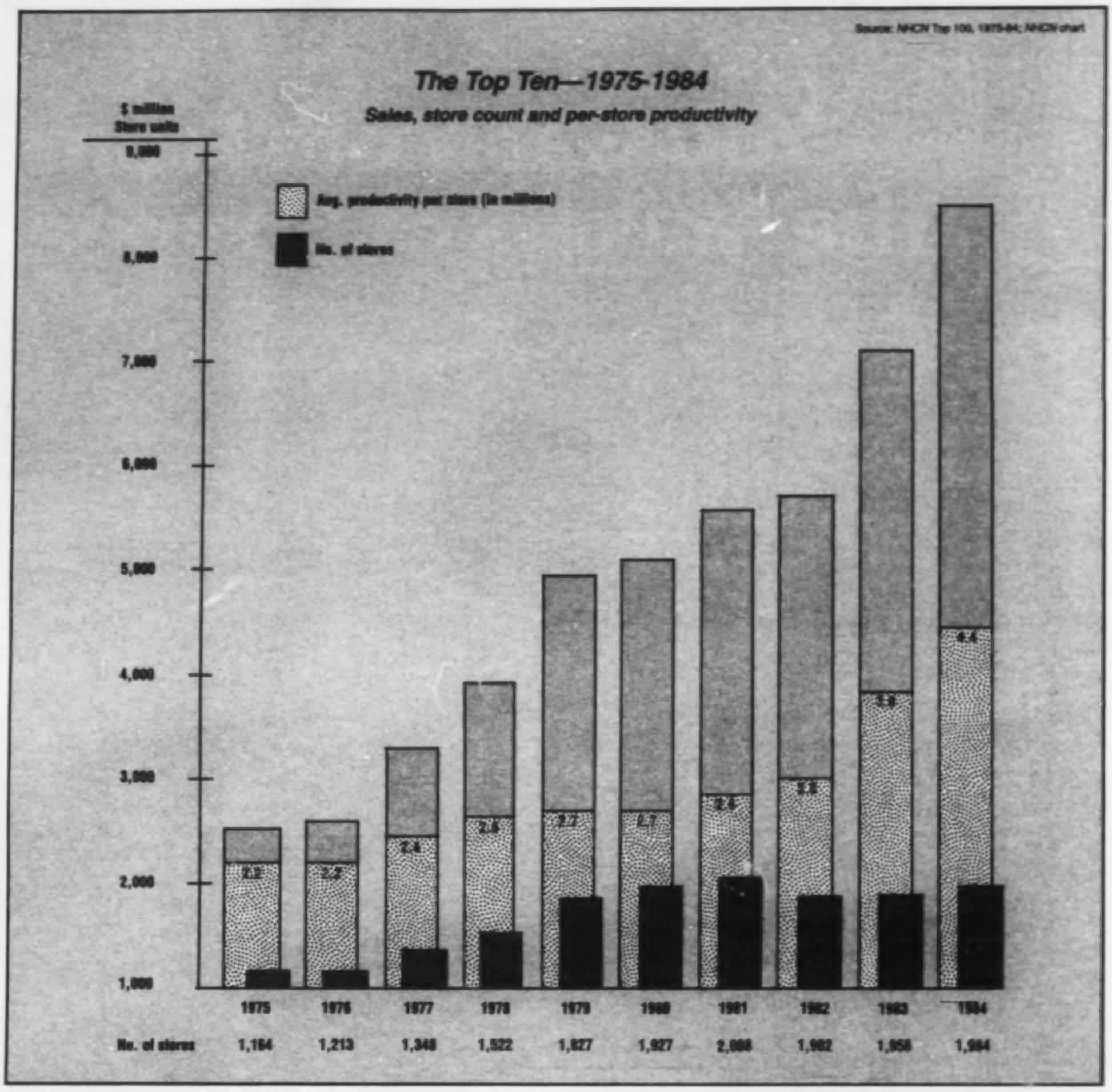
Big hitters score high in per-store productivity

10-year review shows Top 10's sales rose faster than store counts



By Phillip M. Perry
NHCN senior editor

NATIONAL REPORT — The annual sales volumes achieved by the "top 10" home center chains rose by 242% between 1975 and 1984 from $2.6 billion to $8.7 billion.

Over the same period, the number of stores operated by such chains increased by only 70%.

Statistics compiled by *National Home Center News* over the decade from 1975 show that, for the top 10 chains:

- Average store productivity rose from $2.2 million to $4.4 million.
- The share of the retail lumber and building materials market held by the top 10 chains rose from 11% to 15%.
- The year 1980 was pivotal in terms of consumer business and store productivity.

One of the key factors common to big hitters climbing onto the top 10 chart over this decade was a shift in orientation from a lumberyard posture to that of home center merchandising with its concern for do-it-yourself traffic.

Of the top 10 chains moving some $2.6 billion worth of goods out of 1,164 stores in 1975, only four had consumer volumes accounting for over 80% of sales. All of those four were positioned on the "bottom five" of that list. And virtually half the top 10 chains posted consumer sales of under 52%.

However, in 1984, when the big hitters moved $8.7 billion worth of goods out of 1,984 units, the story was much different. Six of the top 10 outfits moved over 80% of their volume to consumers. Only Wickes Lumber, which was, by then, part of the more consumer-oriented Wickes Cos. with its Builders Emporium operation, posted less than 52% consumer sales levels.

Grabbing more consumer trade and pushing more sales out of each store helped the top 10 chains edge up their share of the building materials sales pie.

In 1975 those chains held 11% of the retail building materials, hardware and supply store sales, which totaled $23 billion that year, according to the Department of Commerce.

The share had risen to 15% of $59 billion in 1984.

While the trend of productivity per store seems pronounced when figures from 1975 and 1984 are compared, the disparities concerning the trends as they developed during the first and last halves of the 10-year period are even more remarkable.

From 1975 to 1980, productivity per store rose by only 23%, while the number of stores rose by 66%.

In the period from 1980 to 1984, the pattern reversed. Productivity per store rose by 63%, while the number of stores operated rose by only 3%.

Clearly, the recession year of 1980 had an affect on the strategic plans of the chains making it to the top 10 list.

The primary reason for the leveling of store count since 1980—a trend that can be seen graphically on the accompanying chart—was not a slowing of expansion rates on the parts of companies in the top 10. Rather, the condition reflects a shift in the firms making up the top 10 toward home center-type operations that stressed greater productivity per store.

A look at some of the key players involved in the chart around 1980 reinforces this view. National Building Centers, a chain of 155 units owned by Lone Star Industries, dropped out of the picture entirely after its break up in 1979. The following year, Boise Cascade, a chain of 108 units, began losing stores steadily. The number of stores in the 124-unit Diamond chain began to drop annually after 1980 and the number in the 340-unit Wickes followed the same pattern after 1981.

At first glance, it might seem that all of these chains dropped off the chart (with the exception of Wickes) because they were losing stores. In fact, the chains that replaced them had fewer stores.

Scotty's, with its 72 stores, climbed aboard in 1978. Hechinger, with 34 stores, joined the list in 1982. And the Home Depot, with its 31 stores, was added in 1984.

Clearly, after 1980, the home center chains had taken over. Rapid increases in store productivity were being achieved in most cases partly by adding consumer traffic to the contractor trade, a tactic also designed to protect the firms from disaster in future recessions.

(Continued on page 10)

1975

Lowe's was the No. 1 home center chain in 1975, when it moved some $465 million worth of goods out the doors of 130 stores. Wickes, in the No. 2 spot, sold over $460 million worth of merchandise, while Evans clocked in at $300 million.

At the same time, the downturn in new housing led Wickes to pursue more of what it termed "the aftermarket," or the business of do-it-yourselfers. The slump hurt Wickes more than some other larger chains, since the share of its sales moving to contractors was larger.

Lowe's said it would add 25 additional stores in 1976, and would move into Louisiana. As did Wickes, Lowe's moved to attract more consumer business. The chain added housewares, for example, in the summer.

Evans added a new type of store to its mix, called Inside Outlet. These small stores, specialty outlets for paint and decorative accessories, debuted in Connecticut in September. The chain also increased its stock keeping unit count in the larger Grossman's stores from the usual 4,000, to a total of 5,000 to 6,000.

National Building Centers (NBC), a subsidiary of Lone Star Industries, Greenwich, Conn., experienced a decline in total sales again in 1975, even though it had acquired the chains of Ward and Harrington, and W. E. Cooper, both based in the Los Angeles area.

84 Lumber moved into Oklahoma and Florida for the first time, and added consumer oriented showrooms, which it dubbed "Junctions," onto many of its existing lumberyards.

In other 1975 news:

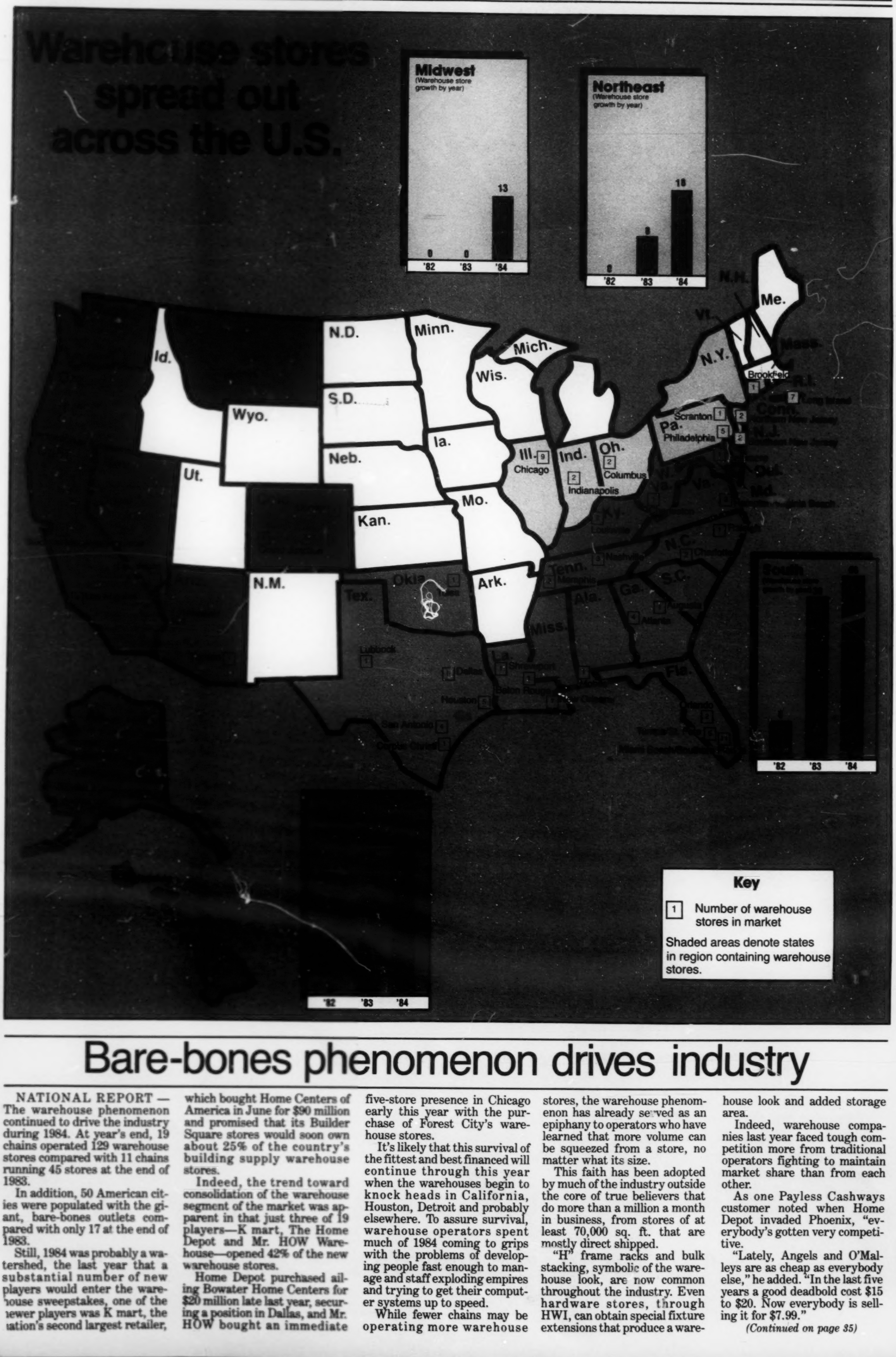
- Bernard Marcus, president of Handy Dan, said his chain's profitability would not be affected by the bankruptcy of parent firm Daylin.
- Busy Beaver opened its first consumer-oriented "super center" in March, in McCandless, Pa.
- John A. Walker, exec vp of Lowe's, told security analysts he expected the chain to hit $1 billion in sales by 1981.
- K mart said in June it would put home improvement departments in all of its big new stores.

1975

Chain	Total Volume (millions)	% DIY	No. of Units
Lowe's	465*	48	130
Wickes Lumber	460	48	262
Evans (Grossman's, Moores, Hubbard & Johnson, Inside Outlet)	300	75	240
Diamond International	300**	35	63
National Building Centers (Cooper, Ward and Harrington, Sun, Stewart, Warner, Lindsley, Pinellas)	262	51	141
84 Lumber	200**	90	152
Builders Emporium	180**	100	50
Edward Hines	170	45	27
Handy Dan	118	100	57
Payless Cashways	102	95	42
Total	2,557		1,164

*Year ended July 31, 1975
**NHCN estimate
Source: NHCN

10-year review of industry's top 10 continues, page 106



Bare-bones phenomenon drives industry

NATIONAL REPORT — The warehouse phenomenon continued to drive the industry during 1984. At year's end, 19 chains operated 129 warehouse stores compared with 11 chains running 45 stores at the end of 1983.

In addition, 50 American cities were populated with the giant, bare-bones outlets compared with only 17 at the end of 1983.

Still, 1984 was probably a watershed, the last year that a substantial number of new players would enter the warehouse sweepstakes, one of the newer players was K mart, the nation's second largest retailer, which bought Home Centers of America in June for $90 million and promised that its Builder Square stores would soon own about 25% of the country's building supply warehouse stores.

Indeed, the trend toward consolidation of the warehouse segment of the market was apparent in that just three of 19 players—K mart, The Home Depot and Mr. HOW Warehouse—opened 42% of the new warehouse stores.

Home Depot purchased ailing Bowater Home Centers for $20 million late last year, securing a position in Dallas, and Mr. HOW bought an immediate five-store presence in Chicago early this year with the purchase of Forest City's warehouse stores.

It's likely that this survival of the fittest and best financed will continue through this year when the warehouses begin to knock heads in California, Houston, Detroit and probably elsewhere. To assure survival, warehouse operators spent much of 1984 coming to grips with the problems of developing people fast enough to manage and staff exploding empires and trying to get their computer systems up to speed.

While fewer chains may be operating more warehouse stores, the warehouse phenomenon has already served as an epiphany to operators who have learned that more volume can be squeezed from a store, no matter what its size.

This faith has been adopted by much of the industry outside the core of true believers that do more than a million a month in business, from stores of at least 70,000 sq. ft. that are mostly direct shipped.

"H" frame racks and bulk stacking, symbolic of the warehouse look, are now common throughout the industry. Even hardware stores, through HWI, can obtain special fixture extensions that produce a warehouse look and added storage area.

Indeed, warehouse companies last year faced tough competition more from traditional operators fighting to maintain market share than from each other.

As one Payless Cashways customer noted when Home Depot invaded Phoenix, "everybody's gotten very competitive.

"Lately, Angels and O'Malleys are as cheap as everybody else," he added. "In the last five years a good deadbold cost $15 to $20. Now everybody is selling it for $7.99."

(Continued on page 35)

Whse phenomenon continues to drive industry

(Continued from page 33)

This satisfied customers, but bruised margins. However, that was part of the warehouse legacy last year, as warehouses expanded relentlessly, although slower than planned because of site location problems, and traditional retailers dug in.

"Home centers are doing a better job of matching prices selectively and are promoting their strengths like customer loyalty and personal service," said Leon Borcher, analyst with American Express. "They are putting together a plan not just responding."

Among the operations that responded by borrowing from the warehouse approach was Rickel, whose 40 stores in the Northeast are traditional outlets in convenience locations. In Warminster, Pa., outside of Philadelphia, the chain opened a store with warehouse racking and the omnipresent stenciled banners.

Similarly Builders Emporium's superstore, opened in Tustin, Calif., in March 1984 has warehouse racking in a clean 50,000-sq.-ft. space intended to show that the chain can be lean and hungry without being down and dirty. Pay 'N Pak in retrofitting its stores has followed a similar strategy.

W. R. Grace's Handy Dan, Handy City and Channel chains are taking on a similar look, based on Grace's seven-store House Works, which was dubbed a warehouse when launched in 1983 but renamed a superstore in 1984.

Grace spent much of last year planning for the birth of a chain that it is calling a true warehouse, Home Quarters, which opened with two units in the Tide Water area of Virginia early this year.

People Change

That chain is headed by Frank Doczi, formerly of Moore's, which reflects another dramatic impact of the rapid warehouse store expansion: people opportunity. Home Depot has installed an entire middle tier of management from merchandising to operations by attracting people from outside the industry and from within, like Bruce who left Wickes Lumber to bring cold weather merchandising to Home Depot as the chain plans its assault on Detroit and other points north.

Bill Dorf left Rickel to become vp-gmm of Homeowners Warehouse, now known as Mr. HOW Warehouse and then left Mr. HOW for Mr. Goodbuys. He was replaced at Mr. HOW by Jack Kopkin from Grossman's California Warehouse division.

The cross pollination only accounts for the generals and their staffs, however. Warehouses still were faced with seeing that the troops followed orders and that they knew what the ordrs were.

"The biggest concern we have is making sure the stores we open are not dilutive of what a Home Depot should be," said Depot president Arthur Blank. "They must be staffed with well-trained people."

Depot, with 4,000 employees, included a week-long training program for new recruits for any position from assistant manager up.

A three-week program to train managers was instituted by HomeClub, which the chain calls its "boot camp."

Computerization

The task facing these mostly green warehouse armies is delivering the goods and doing so competitively. Last year the computer became an important part of the arsenal.

When Home Depot opened its first two stores in June 1979, ushering in the warehouse age, the chain used traditional manual inventory tracking methods. Even two years ago, in February 1983, when Home Centers of America opened the first store in the chain now known as Builder Square, did inventory by hand.

Both Home Depot and Builder Square are now plugged in and when Home Quarters opened early this year its system was already set up.

New Challenge

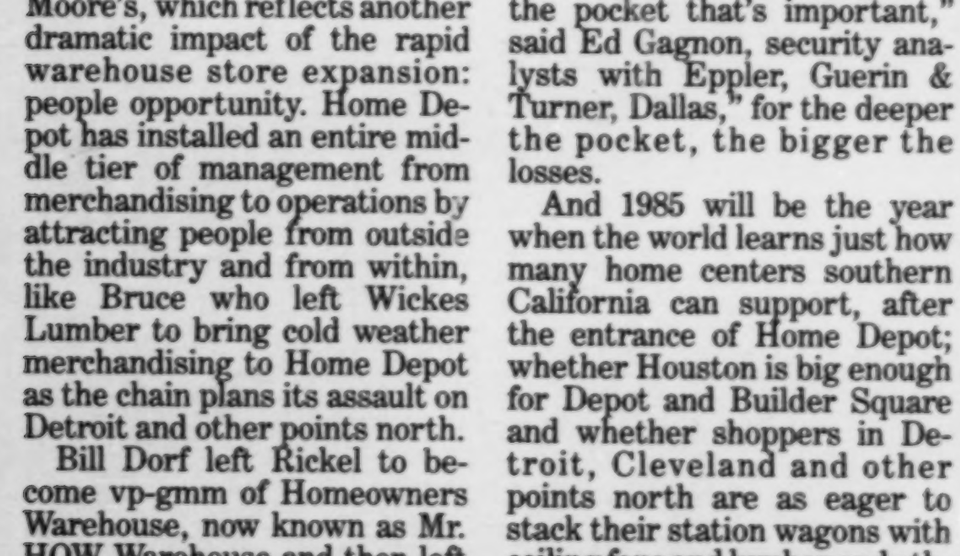
With money, markets, people and computers in place it would seem that the warehouses could now do no wrong.

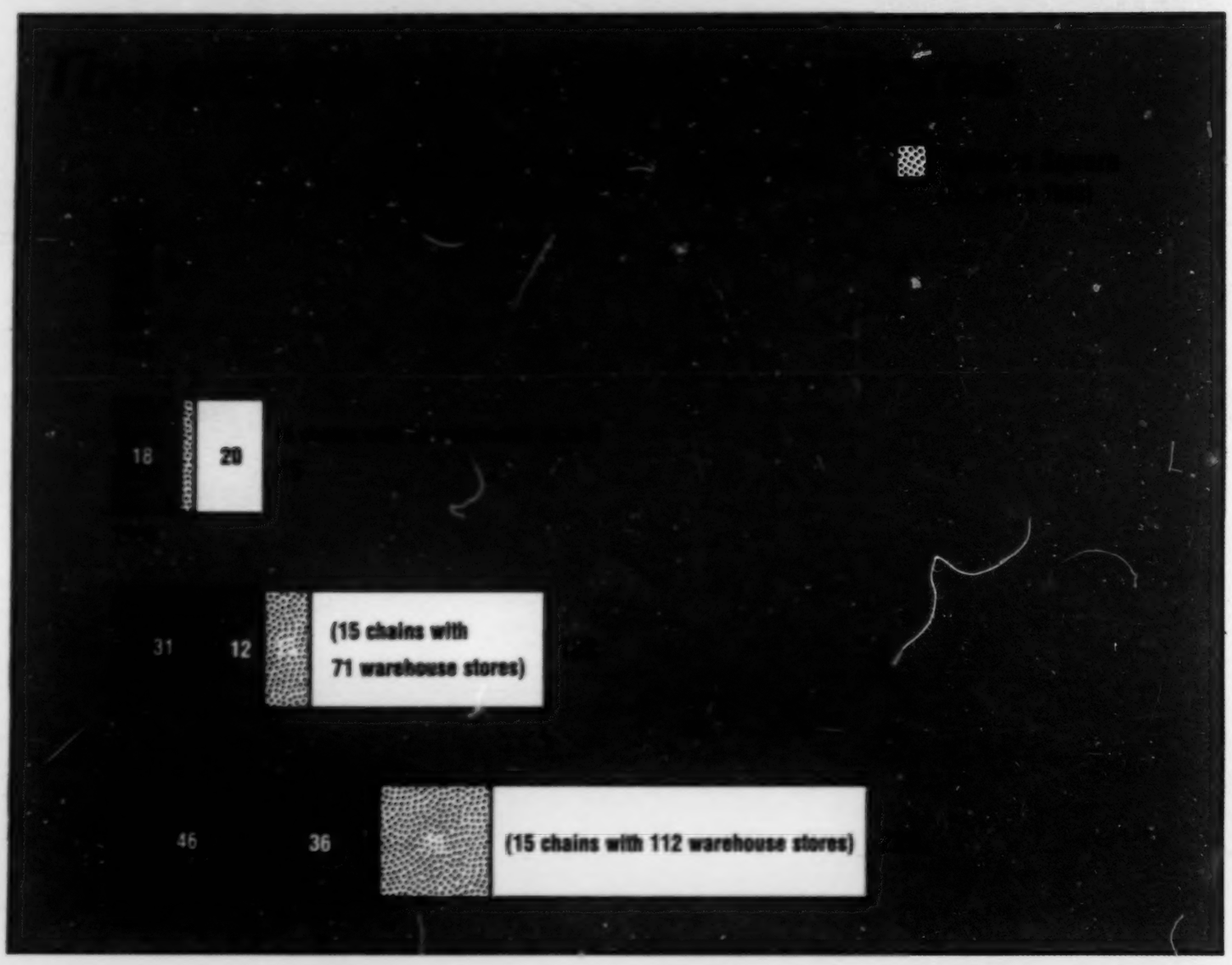
Some analysts warn that companies like Builder Square and Mr. How, backed, respectively, with the financial might of K mart and Service Merchandise, could be sacrificing site quality and demographics in the rush for markets.

"It's not really the depth of the pocket that's important," said Ed Gagnon, security analysts with Eppler, Guerin & Turner, Dallas," for the deeper the pocket, the bigger the losses.

And 1985 will be the year when the world learns just how many home centers southern California can support, after the entrance of Home Depot; whether Houston is big enough for Depot and Builder Square and whether shoppers in Detroit, Cleveland and other points north are as eager to stack their station wagons with ceiling fans and lumber and other items drawn from caverous locations sometimes a longer driving distance away than they're used to.

The warehouse section of this issue was researched and developed by Elizabeth Brent.





	No. of stores '84	'83	'85p	Markets in 1984	Av. sku's (thousands)	Av. sq. ft. (thousands)
The Home Depot, Atlanta (1979)*	31	18	46	Atlanta; Clearwater, Tampa, N. Miami Beach W. Palm Beach, Orlando, Fort Lauderdale, Hialeah, Hollywood, Fla.; Phoenix, Tucson, Ariz.; Dallas; New Orleans, Baton Rouge, Shreveport, La.; Mobile, Ala.	25	76.8
Mr. HOW, Margate, Fla. (1983-Formerly HomeOwners Warehouse)	12	2	36	Coconut Creek, Melbourne, Fla.; Augusta, Ga.; Columbus, Reynoldsburg, Ohio; Langhorne, Pa.; Turnersville, N.J.; Virginia Beach, Hampton, Va.; Nashville; Chicago (Burbank)	25-30	70
Builders Square (K mart) San Antonio (1983)	15	5	35	San Antonio, Corpus Christi, Houston, Lubbock, Tex.; Chicago; Tulsa	33	75
Grossman's (Evans), Braintree, Mass. (1983)	12	5	15p	Ventura, Stockton, Montebello, Modesto, Long Beach, Calif.; Long Island; Oldbridge, Lawrenceville, N.J.; Brookfield, Conn.; Scranton, Pa.	7.1	25-60
Homecrafters, Birmingham, Ala. (1983)	9	1	11	Denver; Louisville; Memphis, Nashville	20-25	70
Pay 'N Pak, Kent, Wash. (1983)	8	1	19	Honolulu; Kennewick, Bellevue, Wash.; Grand Junction, Colo.; Billings, Mont.; Fairbanks, Anchorage, Alaska; Eugene, Ore.	16	55
HomeClub, Fullerton, Calif. (1983)	6	2	15	Fullerton, San Jose, San Bernardino, Fountain Valley, Norwalk, Calif.; Las Vegas, Nev.	14	100
Mr. Goodbuys, Philadelphia (1983)	6	4	16	Union, N.J.; Castor, Philadelphia, Pa.; Baltimore	20	80
Houseworks (W. R. Grace), San Antonio (1983)	6	6	6	Kenner, Chalmette, Meraux, Metairie, Harahan, La.; Sarasota, Fla.	30	60
Forest City, Cleveland (1984)	5	0	7	Chicago	25	65
Lindsley's (Evans), Miami, (1984)	4	0	4	St. Petersburg, Clearwater, Seminole, Pinellas Park, Fla.	20	40
Moore's (Evans), Roanoke, W. Va. (1984)	4	0	4	Charlotte, N.C.; Charleston, W. Va.; Virginia Beach	10	60
Pergament, Melville, N.Y. (1983)	4	1	9	Long Island	30-35	60
Hausmart (Sutherlands), Kansas City, Mo. (1983)	2	0	2	Indianapolis	25	100
Supply One, Reno, Nev. (1984)	2	0	5	Reno-Sparks, Nev.	30	26
Rickel, South Plainfield, (1984)	1	0	1	Warminster, Pa.	22	50-55
Builders Emporium (Wickes), Santa Monica, Calif.; (1984)	1	0	1	Tustin, Calif.	25	50
Hechinger, Landover, Md. (1984)	1	0	3	Raleigh, N.C.	25	80
TOTAL	129	45	229			

*Date first warehouse store opened
e Estimate
p Projection

Source: *NHCN* research

Lawn & garden depts. expand as consumers spruce up their yards

NATIONAL REPORT — The Lawn, Garden & Power Equipment Exposition that debuted in Louisville, Ky., last year could be said to represent many current trends occurring in the highly fragmented lawn and garden industry over the past year.

Not only was it one of the first large-scale attempts to make the industry more cohesive, but also reflects the expanding market found in all facets of this business.

Outdoor power equipment, lawn and garden "hardware," live plants and patio furniture departments are all expanding, reflecting consumers' increasing interests in their backyards as well as their houses.

Home centers are not missing out on this bonanza. Although they've traditionally carried much lawn and garden "hardware"—outdoor power equipment, garden hand tools, bug killers, garden hose and the like—for years, as well as chemicals, live plants are becoming increasingly popular.

In fact, 1984 could be called the year of the live plant.

Such home center chains as Lowes, based in North Wilkesboro, N.C.; Scotty's, Winter Haven, Fla., and 18-unit Stiles Ace Hardware, Bloomington, Ill., started live plant departments and nurseries for the first time last year. They are often headed by professional nursery buyers.

Even those chains that already carry live plants reported successful years, with sales increases as high as 40% up on 1983.

Both lawn mowers and patio furniture have also witnessed strong sales last year, with expectations for them to continue through 1985.

In addition, consumers are buying higher ticketed, better quality products. Retailers noted that although low-end promotional lawn mowers might bring customers into the stores, they tend to purchase the higher-ticketed items with extra features once they are there.

There has been an influx of new patio furniture manufacturers entering the marketplace in the past couple of years —Samsonite has now come out with a patio furniture line, while makers of high-end lines like Calder and Omni are finding increasing home center interest in their products.

The average margins for lawn and garden products are about 30% in both home center and lumberyard/hardware stores, and four to five annual turns are experienced in both store types, according to National Retail Hardware Assn./Home Center Institute (NRHA/HCI) figures.

However, the NRHA/HCI estimates that sales per square foot in lawn and garden products is only $90 in home centers, but almost double that—$174 per square foot—in lumberyard/hardware stores.

Lawn & garden: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	89.53	29.5	5.2x	1.55
Lumber/building material outlets**	173.68	30.0	3.8x	1.14

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.
**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

At Lowe's Wilmington, N.C., store, a customer eyes electronic bug killers on a freestanding display. NHCN photo

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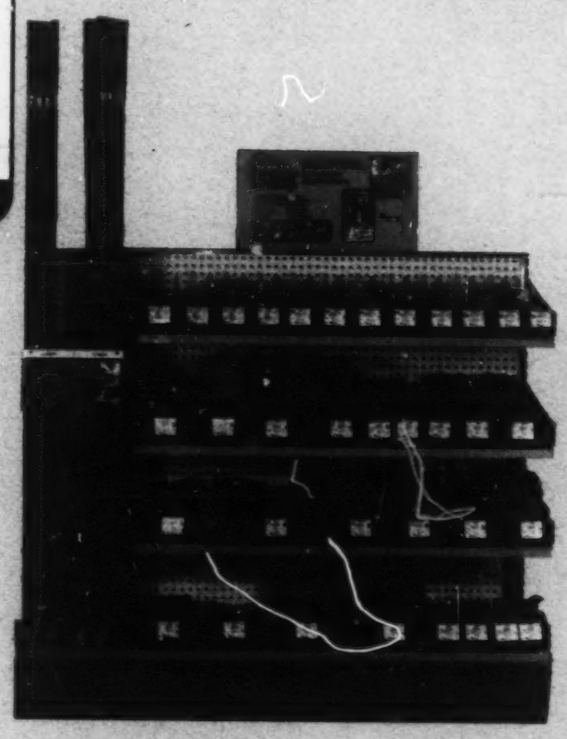

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THE *NHCN* ANNUAL REPORT

Building materials head upscale; vendors intro new packaging

Building materials: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	280.76	27.5	6.6x	1.82
Lumber/building material outlets**	405.29	27.4	6.1x	1.66

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.
**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

NATIONAL REPORT — Building materials, the "staple" of the home center industry, continued their "upscale" swing in several product categories during 1984.

Last year, building materials accounted for 21.3% of net retail home center sales, the largest category in terms of net sales, according to the National Retail Hardware Association/Home Center Institute. The department also accounted for the largest dollar sales per square foot of sales area, at $280.76.

Retailers are looking for that figure to move upward as the tastes of their building material customers become more expensive. This trend was apparent in roofing, doors and windows, ceiling tile, wood flooring and caulking and sealants.

Another important trend in 1984 was a greater push by many manufacturers of building materials toward more "consumer friendly" packaging that, in many cases, would also give some of the anonymous building products brand identification in the minds of both retailers and the public.

Owens-Corning took square aim at consumers several years ago with the use of the Pink Panther to promote insulation, and this month, the panther will be used to push other O-C products. Manville and CertainTeed promoted their insulation packaging's handling care.

Georgia-Pacific and Weyerhaeuser are using color codes and improved graphics on their packages. While Weyerhaeuser is late coming out of the gate, Georgia-Pacific hopes to complete its repackaging efforts by the later part of this year. The Atlanta-based company got a jump on the competition by repackaging its nail products several years ago.

The supply of gypsum seemed to be adequate last year after shortages in 1983 when production fell short of the demand surge caused by housing's turnaround.

Gypsum board was even being touted in 1984 as a decorative product, wtih the introduction of boards printed with wallpaper designs.

The categorywide trend of pursuing upscale tastes was manifested in a variety of ways.

Roofing manufacturers, for example, offered a wider choice of decorative or architectural roofing, which creates a variation of tone or even the look of natural materials like wood shakes.

Door and window sales have been reaping sales gains of between 15% and 25% over the last several years and retailers expect millwork to become the leading high-ticket category for consumer purchases. In addition, retailers saw a swing toward the upper end of the market in terms of door and window sales, while buildup in market share by steel exterior doors continued.

Dealers in the Northeast and Midwest said they saw growing popularity for swinging patio doors. And retailers in Texas and the Southwest reported that prefinished wood windows may be overtaking aluminum windows, which have long dominated those markets.

Consumers' tastes are becoming more expensive in ceiling tiles as well, and manufacturers are increasing the range of products in the category. While the standard, "plain vanilla" white ceiling tile and exposed metal grid drop ceiling remains the best seller, more attractive, upper-end tiles are gaining greater market share. Manufacturers are making different textured tiles and ceilings that go to great lengths to hide or disguise the ceiling grids.

Another category in which consumers' tastes seem to be changing is wood flooring, which is becoming more popular with the public and is appearing in more and more home centers.

Displays and selection keys to hardware sales

Hardware: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	144.79	38.7	4.2x	1.62
Lumber/building material outlets**	162.07	32.9	3.4x	1.12

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.

**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

NATIONAL REPORT — Broader product assortments, coupled with more compact "service-oriented" displays, were the main emphases for home center hardware department in 1984.

Less merchandising in bulk, stronger packaging (some of it done by store employees at a number of chains) and a reduced emphasis on price alone were key factors in the marketing of hardware by home centers, which last year accounted for an estimated 30% to 35% of what manufacturers said was a $10 billion retail market.

Chains such as Lowe's, West Building Materials, Builders Emporium and Levy's Lumber were among the chains installing new, or modified, hardware merchandising programs last year, enabling them to use less square footage to display just as much, if not more, products. In Lowe's case, the company has increased its hardware sku's by 50% since 1979, partly because its stores have gotten bigger, but also because the products are better, more systematically organized.

Even warehouse units with large selling floors have, in some cases, reverted to installing pegboards inside of H-frames to give their hardware displays a better appearance that makes them easier for consumers to shop. A company such as W. R. Grace's HouseWorks, which will stock as many as 50,000 packages of hardware in one store, needed a display that presented the hardware merchandise as economically as possible.

There were a number of reasons dealers paid so much attention to in-store merchandising of hardware last year. One was that the category, left unattended, can grow like crabgrass, primarily because there are any number of slow-turning fastener and other hardware items dealers need to carry to present an image of "completeness."

Secondly, retailers were aiming their promotions of decorative and cabinet hardware more at the female shopper in 1984 who, they assert, prefers to buy products in a less complicated retail environment.

Most dealers contacted by *NHCN* said they were getting as high as 50% maintained margins on hardware. However, on the hottest-selling merchandise, this isn't always the case. Take ladders, for instance. Home centers now account for 40% of the market's sales, and virtually every chain promotes the products year-round at margins as low at 10%.

Even the introduction of higher-priced ladder "systems" whose $200 to $400 price point promised better, more consistent margins, did little to reverse this trend, as consumers were reluctant to spend that much on a product they see on sale all the time.

In fact, margins on hardware in general appear to be slipping a bit for home centers, according to a study on the industry's performance conducted by the National Retail Hardware Assn.

Home center retailers surveyed in NRHA's "Bottom Line" study reported gross margins for hardware of 38.7%, compared with 40.9% in 1983. Not surprisingly, these dealers' Gross Margin Return on Investment also fell to 1.62 last year, from 1.88 the year before.

However, all the industry's attention to compressing their stores' hardware departments into smaller, more efficient units, appears to have paid off in higher sales. The NRHA study showed that sales per-square-foot in the category rose last year to $144.79 for home centers, vs. $139.13. And hardware, as a percentage of a unit's total volume, increased to 11.1%, compared with 1983's average of 9.8%.

These numbers are even more interesting when weighed against similar figures for lumber and building materials outlets, some of which told *NHCN* last year they were still having some difficulty cross-merchandising hardware with commodities to achieve higher "project" sales.

Sales per-square-foot for hardware in these units equalled $162, but it appeared lumber stores were more promotion-minded than the home centers. Their gross margins were only 32.9% in the category, GMROI was 1.12 and inventory turns averaged 3.4 times a year.

Fragmented paint market spurs new strategies

NATIONAL REPORT — The retail paint market remained highly fragmented in 1984, as home centers devised new merchandising tactics to bolster what has become for most a slow-growth, low-margin commodity.

Retail paint sales, by most manufacturers' estimates, topped $4 billion in 1984. But the market is only growing at a 4% clip, so home centers have found they needed to bite and claw for every paint dollar their stores generated.

These dealers continued to be badgered by the competitive headaches presented by specialty paint stores, which can generally offer a wider variety of paint and sundries items than a home center, where paint margins are often 10% to 20%.

Another problem that plagued home centers was the marketing of paint brands everyone else in the area seemed to be carrying and promoting. In last October's *NHCN* Consumer Attitude Study, Glidden and Olympic continued to be the paint and stain brands identified by the highest percentage of dealers as best sellers.

Consequently, some dealers opted last year for carrying lesser-known paint lines. PPG Industries and Lucite (which is owned by Olympic's parent, Clorox) made major drives last year to penetrate the home improvement market more deeply.

Other dealers, like Lowe's, converted their programs to private label paint (although in Lowe's case, its stores still use the same supplier, Enterprise Cos.). Stambaugh-Thompson, in fact, hired a marketing research firm to come up with a promotional strategy for selling its private label paint as it moved into new Ohio markets.

Despite these efforts and others by home centers, profitability appeared to decline among those retailers polled in research published by the National Retail Hardware Assn.

In its 1984 "Bottom Line" study of the industry, NRHA showed that paint margins (which were combined in a category called paint and home decorating) fell by more than a full percentage point for home centers from last year, to 36.1%. Sales per square foot dropped to $131.07 from $137.37 in last year's study. However, turnover of paint in these stores picked up to nearly six turns annually, and GMROI rose marginally to 2.14.

Lumber and building materials centers had considerably fewer turns on paint in their stores, and sold the products at margins nearly five points lower than home centers. But these units' sales per square foot, equaling $168.93, probably resulted from the amount of paint sold in large quantities to their contractor customers.

The impact warehouse stores have had on the industry's profitability grew last year as the number of warehouses expanded. There is not much competitors could do last year to counter a Mr. HOW Warehouse moving into Philadelphia, for instance, and selling Glidden paint at under $4.50 per gallon.

And it is oftentimes difficult for retailers to come up with workable marketing plans for paint because, in some markets, it isn't always clear which dealer has how much market share. In an industry where paint can be sold in supermarkets, any systematic competitive response by home centers can be futile.

However, home centers were faced with more than just the problem of who was selling paint in their markets. Unexpectedly, sundries—the products from which most dealers get the bulk of their paint departments' profits—became unusually competitive in 1984, with dealers slashing margins.

This sudden promotion of sundries can be pegged to the influx of low-end (and, by most estimations, cheap quality) imports, which last year accounted for 15% of unit sales and 5% of the industry's $550 million to $700 million in total retail volume.

All this promotional activity comes at a time when retailer interest in the sundries category was sparked by the increasing sales of electrical equipment such as power rollers and airless spray guns, some of the fastest-moving items for home centers in 1984. But here, too, price cutting and promotions eroded dealer margins on this higher-ticket fare.

Paint & home decorating: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	131.07	36.1	5.9x	2.14
Lumber/building material outlets**	168.93	31.6	3.8x	1.21

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.
**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn., Home Center Institute

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Sales forecast bodes well for plumbing growth

Plumbing, heating & cooling: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	132.94	37.8	4.8x	1.81
Lumber/building material outlets**	222.30	27.5	3.6x	0.99

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.

**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

NATIONAL REPORT — Retailers experimented with a variety of new products in their plumbing, heating and cooling departments in 1984, to capitalize on what one study projected would be "unprecedented sales growth" in the category over the next five years.

Most dealers concurred with this study, conducted by the market research firm Predicasts Inc., and saw a direct correlation between the amount of floor space allocated to this merchandise in their stores and the sales increases generated.

Plumbing is standard fare in home centers, and last year fittings, piping and faucet lines were greatly expanded at a number of chains. Much of this expansion is the residual effect of an exploding kitchen and bath department. But fundamentally, most dealers told *NHCN* that the greater the number of items they stocked in plumbing, the more "credible" their stores' departments were.

Heating and cooling, however, is another matter entirely. Dealers are always looking for that one product—in the past, the ceiling fan or kerosene heater—that can produce massive seasonal sales at respectable margins.

Consequently, dealers tried all kinds of heating and cooling merchandise in their stores last year, including air-conditioners, furnaces, oil filled radiators, tankless water heaters, more elaborate electronic thermostats, and so on. Some of these sold, others didn't, and the question about whether home centers are the right retail environment for the sale of heating and cooling products has not been completely answered.

But in the main, plumbing, heating and cooling products performed more than adequately for home centers, according to a study conducted by the National Retail Hardware Assn. last year.

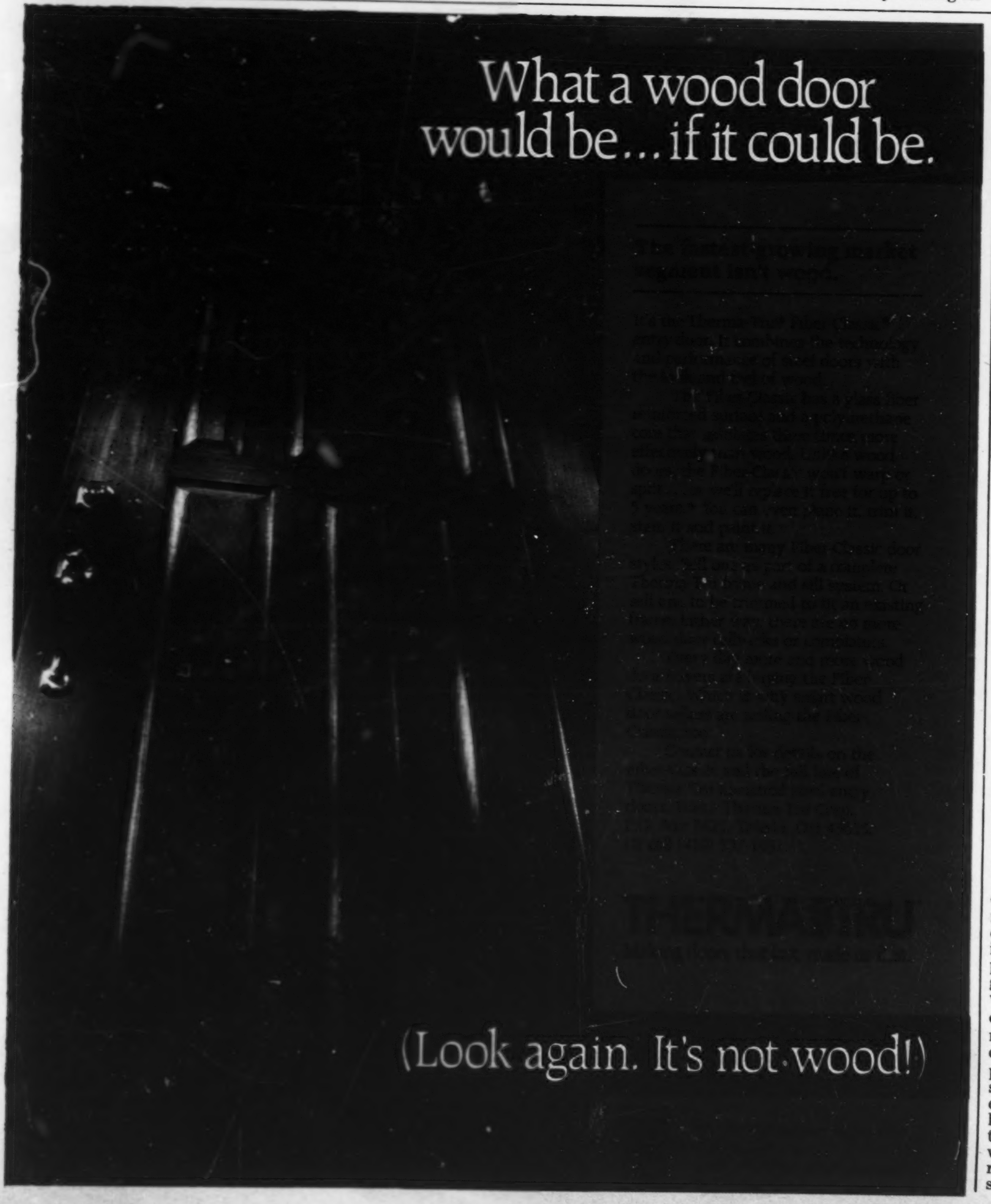
In its "Bottom Line" suvey, NRHA found that dealers had increased the amount of floor space devoted to these products slightly, but saw significant gains in their sales per square feet, gross margins, GMROI and percentage of total store volume from the category in 1984. That the sales per square foot number rose to $132.94, from $121.78 in last year's study, indicated the success dealers have had with their cross merchandising efforts

In lumber and building materials centers, NRHA found that while sales per square foot were considerably higher than for home centers, these stores' profitability in the category (as manifested in only a 0.99 Gross Margin Return on Investment) fell behind the typical home improvement operation.

- **Plumbing**—Dealers enjoyed a strong year last year in their plumbing departments, as margins ranged from 35% to 45% in fittings, piping and other items. The expansion of lines to accommodate the growth in kitchen and bath sales was evident throughout the industry. And dealers agreed that the more space they gave to plumbing, the higher their sales.
- **Heaters**—This market segment, in the words of one home center buyer, was "in total confusion" in 1984. The kerosene heater market was vastly reduced to around 2 million to 3 million unit sales annually. And Kero-Sun, under its new name K&S Associates, failed to rise from its bankruptcy reorganization and become one of the five or six remaining companies still supplying this volatile product.

The volatility of the category, in fact, gave retailers some reason to experiment with new items, and there was some interest in unvented gas heaters, as well as new electric models. In addition, oil filled heaters continued to find their way into more stores.

- **Fan and ventilation equipment**—Portable fans were another highly competitive item in this category, and dealers appeared willing to sacrifice margin to get enormous, seasonal volume from these products.
- **Air-conditioners**—Several manufacturers, such as Fedders and Moss, introduced products specifically for DIY sale. However, while some dealers, particularly the warehouse stores, took on air-conditioners, many questioned whether they were worth carrying, especially because of the service they require.



Hand tools: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	131.48	36.0	4.0x	1.38
Lumber/building material outlets**	134.79	31.4	3.6x	1.12

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.

**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

Bench tools head resurgence; vendors stress quality, price

NATIONAL REPORT — 1984 was the year of the bench tool and the price point for the home center industry.

It was also the year domestic manufacturers took a harder line, both in the market and in the courts, against counterfeit merchandise, made mostly overseas, that allegedly infringed on their trademarks and patents. A number of suits —including two against a prominent home center chain—were filed by companies such as Stanley Works, Black & Decker and Hirsh, and are still pending.

The bench tool segment of the market was a microcosm of sorts for the entire hand and power tool category last year. Bench tools, which, according to one manufacturing executive, were "dead in the water three years ago," saw a remarkable revival in 1984 and became some of the hottest tool items sold in home centers.

Dealers and suppliers attribute this trend to the increasing adeptness of consumers in using this merchandise. Plus, with houses getting smaller, consumers want a product that can do more in less space.

Several of the industry's "big" names, including Skil, Benchmark and Makita, all rode the crest of this trend by emphasizing the quality of their bench equipment, as consumers sought to upgrade their purchases to better, higher-end lines.

However, much of this market segment's thrust appeared to have come from the vastly reduced price points on selected "hot" items that were offered by a number of importers. As was the case throughout the hand and power tool market, consumers and dealers kept one eye on quality and the other on price.

Not surprisingly, then, the best selling bench tools—the 8-in. and 10-in table saw, and the band saw—were used as leader items by some chains, especially warehouse stores, despite efforts by the major suppliers to discourage a "price war."

It was, perhaps, inevitable that bench tools fell victim to some degree of price footballing last year, as dealers concentrated more heavily on hand and power tool promotion and shaving price points.

But, because most dealers have, for the most part, eliminated the "junk" in both their hand and power tool lines, their overall profitability in the category has increased. This is reflected in statistics compiled by the National Retail Home Hardware Assn., in its 1984 "Bottom Line" study of the retail Home Center market.

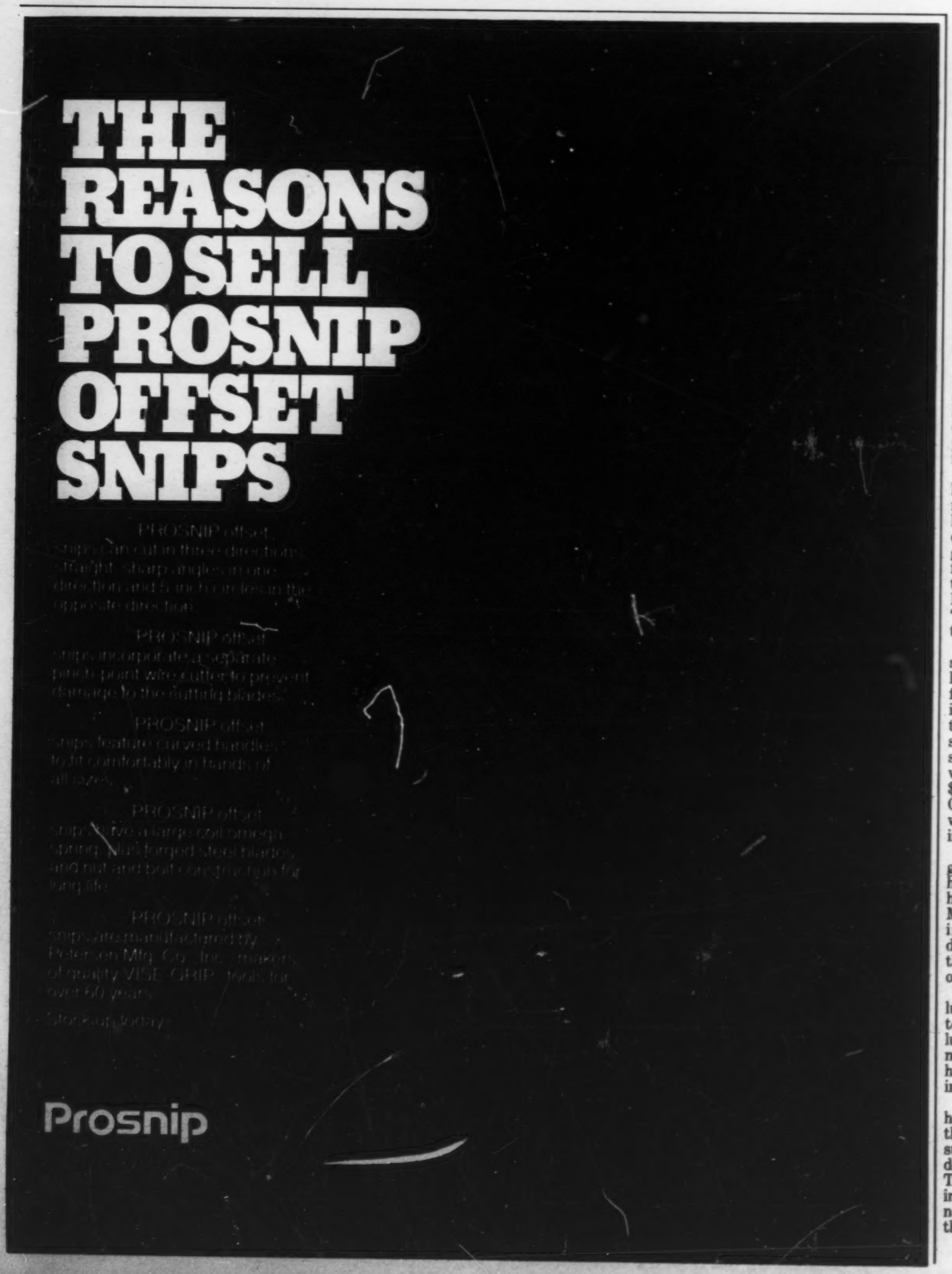
In virtually every measure of sales and profit performance, hand and power tools did better for home centers last year than in 1983. This was particularly true in power tools, where the study showed that sales per square foot for home centers were $154.59, compared with $112.05 the previous year. Gross margins in the category were 36%, compared to 31.9% in 1983.

Sales per square foot and gross margin were also up in the hand tool category last year for home centers. However, Gross Margin Return on Investment in the hand tool segments dropped last year, according to the study, as inventory turnover was slightly off.

While sales per square foot in lumber centers were a bit better than in home centers, the lumberyards were apparently more promotional in selling hand tools, as their profitability indices in the study revealed.

It will be interesting to see how sales and profits hold up this year in the wake of last summer's approval by President Reagan of an International Trade Commission decision to impose import quotas on Japanese steel. This steel is cheaper than U.S.-made products, and

(Continued on page 70)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DIYers less hesitant to tackle electrical jobs

NATIONAL REPORT—During 1984 consumers were expected to continue gaining confidence in their ability to undertake home improvement projects involving electricity.

According to the *National Home Center News* 1984 Consumer Attitude Survey (*NHCN*, July 16, 1984), 1 of every 10 households planned to purchase an electricals product over the coming year in such categories as interior lighting fixtures, electrical sockets and switches, electric cable and wire and ceiling fans.

Retailers answered the call for expanded electricals departments in 1984 by dedicating 3.5% of their total floor space to that department, according to the National Retail Hardware Association/Home Center Institute.

The allotted floor space gave retailers 7.5% of their net sales and produced $126.60 per square foot of sales area. The category also had a high gross margin, 38.7%. And the gross margin return on investment was rated at 1.95% by NRHA/HCI.

Firm numbers reflecting industrywide electricals sales gains are not available, but some groups report that increases topped 10%. Sales by electrical wholesalers rose 11% last year, to $29.5 million, according to the National Assn. of Electrical Distributors.

Gains were attributed to pent-up demand from the recession of the early 1980's and to the relative housing boom. Also, many suggest, consumers started losing their anxiety about undertaking DIY projects involving electricity by starting with small projects to gain their confidence and expertise prior to investing their time and money in larger projects.

Overall, lighting equipment experienced a sales increase of 1.4% in 1984 over 1983, according to the National Electrical Manufacturers Association, a 550-member group. Sales of lighting equipment, light bulbs, fixtures and other electrical items are expected to rise another 8.5% in 1985, the organization predicts.

Richard Whitley, industry specialist for the International Trade Administration within the U.S. Department of Commerce, reported 1984 sales rose 10% for current-carrying wire devices, products that should see a 6.5% increase this year.

Light fixtures shipments, he said, rose 5.6% in 1984 and should gain another 3% in 1985.

Light bulbs, said one industry manufacturer, rose 7.5% in 1984 reflecting growth throughout the electricals category.

Sales growth for 1985 in all electricals categories isn't expected to be as strong, only about 4% to 5%

The profile of the average electrical DIYer, according to the DIY Consumer Market 1984 Reference Guide, published by the DIY Institute, is male (82%), between the ages of 25 and 34, living in a home 25 years old or older. Women, however, are participating in this category and manufacturers report these numbers, too, are growing.

The guide said the DIYer's top three electrical projects in 1984 were: installed sockets and switches (25%), installed lighting fixtures and ceiling fans (25%) and a rewired room (20%).

The DIY Research Institute reported in its Delphi Study of November 1984 that electrical projects are among the high growth areas of the next five to 10 years with growth projected at 6% a year. Electricals supplies were given a 7% likelihood of growth, in that same study.

Preparations for that growth were evident throughout the home center industry in 1984. Many retailers, including Lowe's, Payless Cashways, Scotty's, Somerville Lumber, Stambaugh Thompson, The Home Depot and Forest City remerchandised their lighting departments to attract greater consumer interest and purchases, especially for women, and Mr. Goodbuy's, the six-unit retailer headquartered in Philadelphia, introduced a lighting department for the first time during 1984.

According to a study produced by Predicasts, by 1990, electricals, which includes wiring, receptacles, boxes, conduit and indoor and outdoor fixtures, will be a $1.1 billion business.

Electrical supplies: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	126.60	38.7	5.1x	1.95
Lumber/building material outlets**	176.09	33.2	3.3x	1.10

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.
**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

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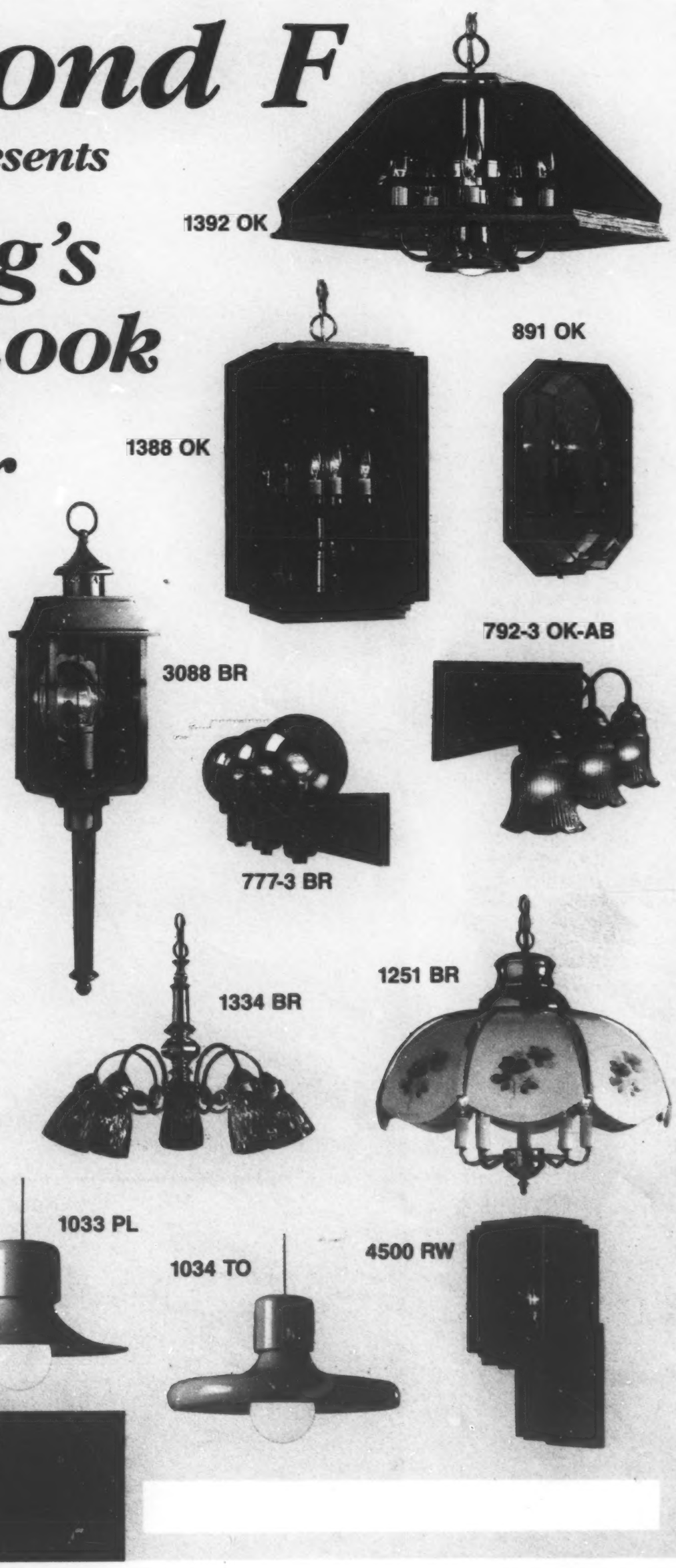

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DIAMOND F CORP.

Bench tools head resurgence; vendors stress quality, price

(Continued from page 64)

was being used by domestic tool and hardware manufacturers as a way to keep competitive against imported merchandise in this country.

The level of competition among imports and domestic tools was particularly keen in 1984, as U.S. companies sought ways to regain their edge in the market. Some began importing merchandise themselves and selling it under their own names. Others began offering programs through which dealers could purchase import tools through the domestic supplier, thereby gaining a certain level of quality control.

And more U.S. manufacturers turned to litigation to protect their products against what they claim is an explosion of counterfeit merchandise flowing into the market. In two suits filed by Hirsh, one of the plaintiffs was Menard's, the Eau Claire, Wis., chain, allegedly selling a product that is an illegal knockoff of a Hirsh workbench.

Imports accounted for around 14% of all hand tool sales in the U.S. and 9% of power tools in 1984, and the percentages appear to be growing. And their impact is evident in the sales of a number of domestic manufacturers, most prominently Stanley, which had its best year in history last year, but whose consumer industry segment—of which tools make up a large part of sales—rose only 7.8% to $431.5 million.

However, dealers still want the well-known brand names in their stores, regardless of the profits to be taken from imports. According to *NHCN*'s Consumer Attitude Study last October, 7 out of every 10 dealers surveyed named Stanley's line among their best sellers. At least half of the dealers identified either Black & Decker or Skil as strong sellers in their power tool departments.

It seems that dealers will continue to rely on the recognizable brand names as the foundations of their tool departments, while using import merchandise to supplement and fill in price points and product lines in those departments. And, as quality becomes more of a factor in the marketing of tools, dealers report that the need to wage war on prices could be mitigated, although that is not likely to happen in 1985.

One indication that price is receding somewhat as the overwhelming factor in marketing tools was the lack of enthusiasm many dealers showed toward truckload sales last year. Even though the majority of chains still engage in at least one truckload sale annually, a sizable number told *NHCN* that the promotion hurt their tool departments' "quality" image, and did not lend consistency to departments' product selection, despite the margins these sales promised.

The quality aspect contributed to the resurgence of stationary tools last year, particularly in the warehouse stores, which have the room to properly display these big-ticket items. Retailers will be looking carefully this year to see if stationary equipment, with $400 to $750 prices, can compete against lower-priced bench tools, and can survive when the housing market, on which it depends heavily, tapers off.

Hand tools on display at Builders Square, Chicago. NHCN photo

Power tools & accessories: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	154.59	35.2	3.9x	1.36
Lumber/building material outlets**	125.14	28.3	4.0x	1.13

*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.

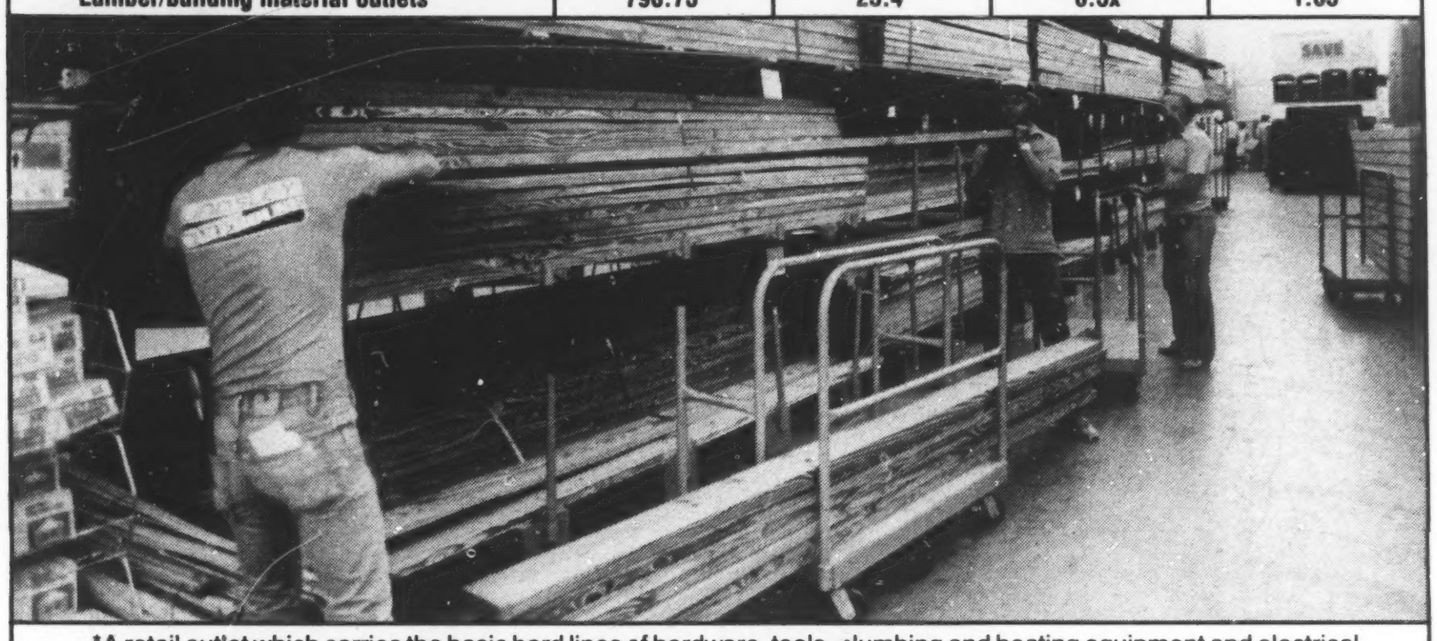
**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

High hopes dashed in year of lumber discord

Lumber: Departmental contribution & productivity

	$ sales per sq. ft. sales area	Gross margin %	Sales to inventory ratio	GMROI
Retail home centers*	261.14	26.9	7.2x	1.94
Lumber/building material outlets**	796.75	25.4	6.5x	1.65



*A retail outlet which carries the basic hard lines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials.

**A lumber building materials outlet that actively pursues and derives a portion of its total sales from the consumer DIY market; must have a retail sales floor and carries basic hard lines in addition to lumber/building materials.

Source: National Retail Hardware Assn.; Home Center Institute

NATIONAL REPORT — As 1984 began, many in the lumber industry looked forward to a good year. Housing starts hit high levels the year before and prices were tolerable. But as the year wore on, hope turned to disappointment as lumber prices softened and eventually sharply declined. Interest rates remained high, housing starts were off and manufacturers continued to overproduce, even in the face of many mill closings.

The year saw home center retailers continue to move lumber from "out in the yards" onto the retail sales floor in an effort to attract more DIY customers. In addition, lumber manufacturers went to even greater lengths to give lumber and other commodity items greater brand identification as they competed for the consumer dollar. Finally, treated lumber sales continued their roaring pace from 1983 as consumers built decks, and other uses for treated lumber—like for wood foundations—attracted more attention.

As 1984 began, *Random Lengths* released a poll of 140 retailers that operated 1,102 units. The poll showed that lumber dealers across the nation expected a good year, especially those in the South and West, where 95% and 100%, respectively, were more optimistic at the start of 1984 than they were at the beginning of the previous year.

But by June of 1984, the lumber picture darkened. The price of western s-p-f studs, which averaged $255 per thousand board feet in June 1983, had dropped to $146 one year later. At the end of the month, even at somewhat lower prices, buyers were staying away, according to *Palmer's Lumber & Plywood Forecast*.

Optimism, generated by 1983 housing starts of 1.7 million, turned more guarded as the Federal Reserve raised the prime interest rate and builders expressed doubts that housing could remain affordable for many Americans. Lumber prices began to decline in March as dealers, caught with heavy inventories during the last decline, learned from that error and bought only for their immediate needs. By December 1984, the price of western s-p-f studs was still below $150 per thousand board feet.

The economic picture at the end of 1984 was still clouded as interest rates remained high and many of the nation's economic indicators gave off mixed signals, pointing neither to a robust recovery nor to another recession.

Canadian lumber imports, part of the reason for the depression in U.S. lumber prices, received more and more attention so that by the end of 1984, Congress was ready to hear a proposal for formal legislation restricting Canadian lumber imports.

In efforts to spur more lumber sales, more retailers devoted increased amounts of retail floor space to lumber, especially the warehouse and "warehouse-type" stores. Merchandising techniques were utilized to an even greater degree to try to sell lumber more as a retail item. These techniques included cantilever racks, more in-store signage, displays and outside advertising.

The booming deck market of 1983 spilled over into 1984 with increased sales gain in the spring and summer months. But, dealers found that stiffer competition became a major factor in making treated lumber and decks less profitable.

In order to recover some of the falling margins, many dealers, especially small, independent stores, offered customers special services to draw deck customers and to get out from under the price competition. Free delivery, instructions and heavy promotional campaigns helped keep margins in the middle 30% range. Deck kits and drop-in squares were also seen as ways to reinforce margins.

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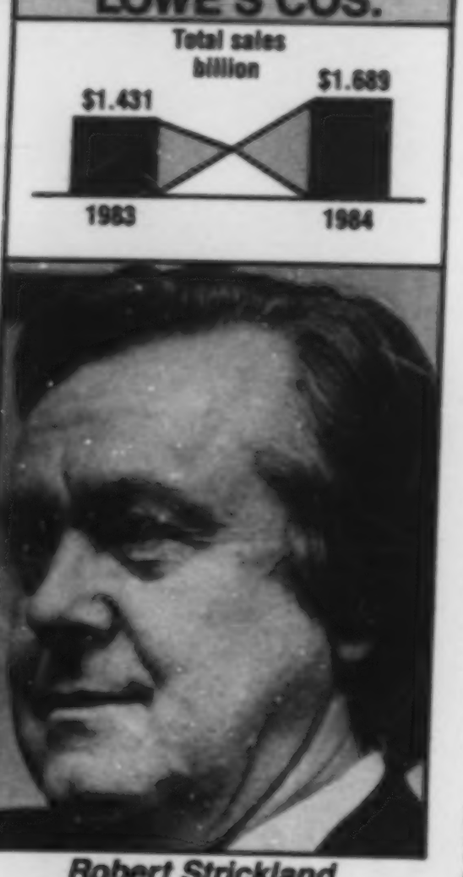


Robert Strickland
Lowe's chairman

Super-Retrofit powers Lowe's to banner year

NORTH WILKESBORO, N.C. — When Lowe's Companies closed its books on 1984, it had successfully completed its first full year of its Super-Retrofit concept, posting an 18% sales increase and a 21% jump in net earnings and earnings per share of stock.

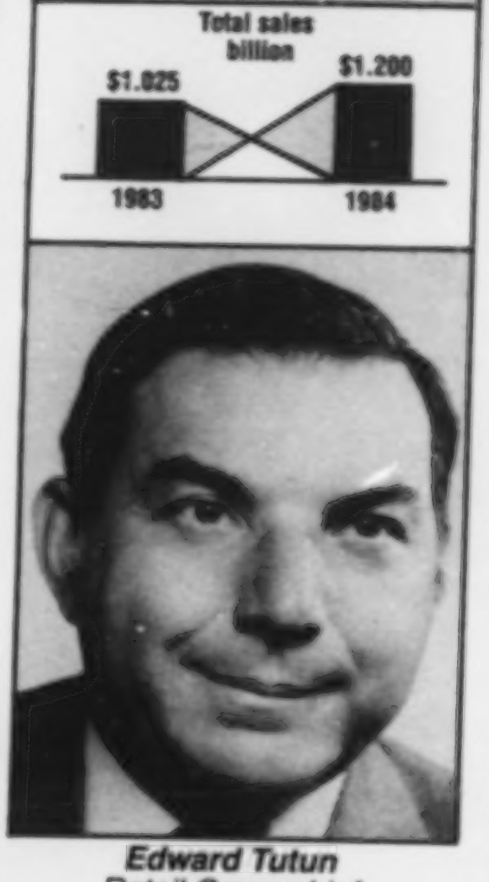
Last year, the increased retail emphasis, which the concept represents continued to show results as Lowe's, long known for its dedication to the professional customer, again did more business with consumers than it did with the professional builder/contractor, 52% to 48%.

Sales for the year were $1.68 billion; earnings, $61.4 million. Sales to retail customers rose 22% in 1984, to professional customers, 14%.

Late last year Lowe's began negotiations with Boise Cascade. Those talks culminated early this year in Lowe's purchase of 23 Boise units.

This year, Lowe's executives announced the company will add 5% more stores and 10% more selling space in existing units in an effort to achieve 20% growth in total selling space. So far this year, the North Wilkesboro-based company opened seven new locations, excluding the Boise Cascade acquisition, which by the end of April sported Lowe's signs.

Lowe's started 1984 with 238 units, and among its additions were four Homecrafters Warehouse stores in Nashville and its 54,000-sq.-ft. prototype unit in St. Matthews, Ky., a Louisville suburb. That store, the company's largest store to date is an indication of how the chain will compete in larger markets. However, the Lowe's stated expansion strategy remains filling in "Lowesland."



Edward Tutun
Retail Group chief

Grace acquires Ole's to buttress So. Calif. base

NEW YORK — In 1984 W. R. Grace strengthened its southern California base with the acquisition of Ole's Home Centers. Sales were up an overall 17% to $1.2 billion. But there were also disappointments.

The profitability of the central region chains—House Works, Handy City and Handy Dan—declined as these outlets faced stiff competition in large markets like Dallas where gross profit margins softened in response to warehouse stores.

Grace spent much of the year planning to launch its own warehouse chain and hoping to have a handful of warehouse home centers open by year's end. Instead, the first two Home Quarters warehouses debuted in February of this year (in Virginia Beach, Va.).

In addition, the acquisition of privately held Ole's was costly in terms of start-up costs.

The merger-related consolidation of personnel—including the change in name and format of 15 existing California Angel's to Ole's—prompted an exodus of numerous longtime Grace employees.

Grace's unit count jumped 13%, to 324 outlets, largely because of the Ole's purchase—but only three additional stores opened in 1984, including a single outlet at 18-unit Orchard Supply Hardware, San Jose, Calif., which, along with Channel in the mid-Atlantic states, continued to flourish.

Grace's strategy of operating traditional, full-line home centers, often situated in convenience strip centers, faced problems in a changing industry where low margin, high volume warehouse stores offer tough competition.

Those problems could be addressed this year. In early April, veteran Grace executive Pedro Mata was named deputy group executive in charge of home centers. The move was significant because Grace has not had an executive solely overseeing its home center group since Frank Denny left as division president in March 1983.

Mata's new assignment was revealed only a few days after Grace announced expectations of lower earnings for the first quarter of 1985. The earnings downturn was in part attributable to "unfavorable operating results" in its home center division, according to a Grace press release.

CENSUS TRIVIA

DIY industry sales to consumers hit the $10 billion mark in 1976.

Wickes at $500 million and National Building Centers (Lone Star) with $412 million in volume were the top two sales performers of 1976.

While Wickes topped the total sales chart in 1977, Evans Products led the way in DIY sales that year.

While W. R. Grace moved to the top of the DIY sales heap in 1979, Wickes still led in total sales.

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PAYLESS

David Stanley
Payless president

Payless cracks $1 billion in sales amid difficulties

KANSAS CITY, Mo. — Life was tough for Payless Cashways in 1984. Its comparable store sales rose only 6%, and its net income declined 9% to $37 million after three years of 40% or greater annual earnings growth.

Depressed timber prices, bad weather in many parts of the country, an institutional television ad campaign that wasn't working, and heavy competition in Dallas, Houston and Phoenix all contributed to Payless' subpar performance last year.

In addition, the company, throughout 1984, continued to have difficulty incorporating its Lumberjack Stores on the West Coast, which it acquired in 1983, into the corporate fold.

However, things were not all bad for Payless. The company cracked the $1 billion sales barrier, and its $1.18 billion in total volume made Payless the industry's second largest dealer, ahead of Evans Products, for the first time. Its sales were 17% above 1983 figures, which were restated for accounting purposes to $1.007 billion from $864 million to reflect 1984 acquisitions.

In fact, a good portion of Payless' 1984 sales growth came from the two major acquisitions it completed last year: its $71 million purchase of 14 Prime Home Improvement stores; and the $40 million purchase of Somerville Lumber, whose two units alone last year did more than $61 million (including some revenue from its West Bridgewater, Mass., unit, which opened late last year), and $1,000 per square foot. Payless also bought the three-store Wood Brothers operation late in 1983.

In addition, the company spent another $65 million building 21 new units, and experimented with different-sized prototypes. Most of the newly built stores were 37,500-sq.-ft. buildings with 30,000-sq.-ft. showrooms. But in some markets, the chain erected 45,000-sq.-ft. units with 37,500-sq.-ft. showrooms, and a 60,000-sq.-ft. unit in So. Dallas was opened last September.

With acquisitions and new builds, Payless increased its total retail square footage by 40% and brought its store count to 157 by the end of the fiscal year on Nov. 24.

With more selling area to use, Payless made a concerted effort to carry better quality merchandise throughout its new stores. This was particularly evident in Cincinnati, where Payless opened new stores with larger, more stylish kitchen and bath departments taking up nearly 4,000 sq. ft. and featuring upscaled products.

Payless officials are the first to admit the new K&B departments are the chain's attempt to copy Somerville's successful merchandising of these products.

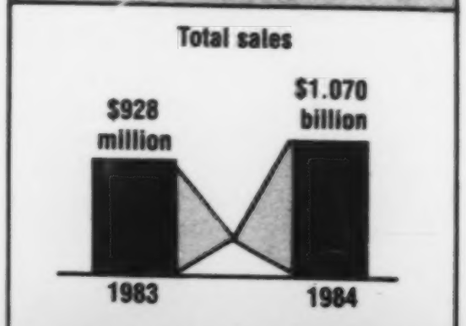
In fact, Payless probably would love to graft nearly everything about Sommerville onto its own stores. The Massachusetts independent's flagship unit became the first store to do $1 million in sales in a week (May 20 to 26) in the industry's history.

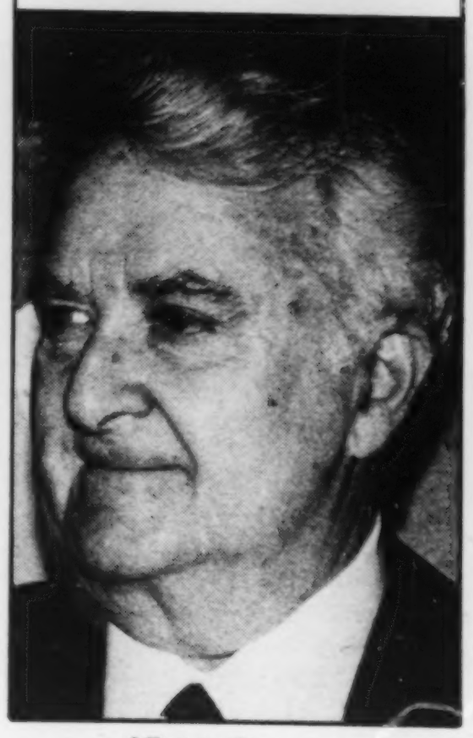
Other news of note at Payless included the introduction in September of a "proprietary" credit card, which appeared to have immediate sales results: 1% of the chain's $99 million in November sales came from credit transactions. The company also merged its loss prevention and safety departments in an effort to reduce its shrinkage while, at the same time, prevent customer and employee injury.

Most industry watchers expect the hiring last year of former T.G. & Y. and J. C. Penney executive John Herron as Payless' new executive vp to result in stricter corporate controls in a company whose reputation was built on the free-wheeling autonomy of its store managers.

That control will be further enhanced by Payless' shifting some key personnel around to accommodate its recent explosive growth. Stan Boyd was promoted to regional vice president, and now oversees the prime operation in Denver and Las Vegas; Bruce Hokanson was similarly promoted and now runs the chain's stores in Iowa, Minnesota, Illinois, Nebraska and Missouri; while Larry Morrissey will concentrate on Payless' Indiana and Ohio markets, where a good portion of the chain's expansion took place last year.

EVANS





Victor Posner
Evans chairman

Evans retail div. posts sales gain; parent suffers

MIAMI BEACH — Evans Products Co. here continued to struggle unsuccessfully in its attempts to pay off $640 million in secured term loans to bank creditors last year. Early this spring, the company opted to take itself and seven subsidiaries, including its Retail Group, into Chapter 11.

While the corporation is expected to show heavy losses in 1984 once Evans releases its fourth quarter and annual results, its retail division—consisting of the Grossman's, Moore's, Lindsley, Grossman's West, Hubbard & Johnson and Alamo chains—was reportedly profitable. Together, these companies, with 349 stores, realized sales gains of 15% to $1.070 billion, with Grossman's alone doing $520 million in volume (up 26%) and Moore's $250 million, a 34% increase. Lindsley and Alamo were off last year.

And despite the financial woes of its parent and Evans'

(Continued on page 78)

Left to right: Bruce Hall, Cecil English, Ralph Pestle, Bert Silberer, John Norcross

Cecil English, Bruce Hall, John Norcross, Ralph Pestle and Bert Silberer have—between them—more than 160 years of tool-making experience. With these five, as with many of their more than 300 fellow employees, making Vaughan tools is something that's been a family tradition through several generations. A tradition that's being carried into the future. Working in America's heartland, dedicated employees like these put the quality in Vaughan tools and give meaning to our slogan:

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Evans retail div. posts sales gain; parent suffers

(Continued from page 77)

chairman Victor Posner, the company's retail division bounded forcefully into the warehouse arena, with Grossman's opening seven warehouse units, Lindsley four and Moore's four in 1984.

The year began precipitously when Posner, whose Sharon Steel owns 43% of Evans, was named the company's chief executive officer on Dec. 28, 1983, by the board of directors. Posner solidified his position in the company by replacing many of the company executives who had resigned or were fired with members of his family and close associates.

A few monhs later, company officials were buoyed by the news that the consortium of 22 banks to which Evans owed its secured loans agreed not to hold the assets of the company's retail division as collateral for those loans, clearing the way for Evans to spin off the division as a separate entity, with the ultimate intention of selling that entity off.

At the time, the company began issuing surety bonds to trade vendors which had become nervous about the company's ability to pay for merchandise, a problem that plagued Evans throughout 1984.

Posner arranged to pay Evans' first debt installment of $60 million on March 31 by selling off the company's Shelter Products and Fiber Products Groups to two of his other companies, APL Corp. and DWG Corp., for $74 million. He also sold off part of Evans' home finance unit's loan portfolio, valued at $22 million. The company was able to defer that payment, and the banks sanctioned the retail spinoff.

At this time, Posner mandated that vendor payments be made through Miami, and this caused a slowdown that made many vendors even more reluctant to ship its retail stores. While most suppliers at the time were being paid, these monies were sometimes 60 days late.

In late spring, the company quickly opened six warehouse units, including a 60,000-sq.-ft. warehouse and drive through for Grossman's in Sayreville, N.J.

Throughout the rest of the summer and fall, the company negotiated with the banks over ways to meet its 1984 debt obligation, which totaled $432.5 million. And, it became apparent that the resolution to its dilemma could be to sell off its most profitable entity, the Retail Group.

Initially, Posner had intended to form a publicly held company out of the retail stores, and retain 20% ownership. But in November, Evans formed Grossman's Inc., which was comprised of Grossman's, Moore's, Grossman's West Alamo and Hubbard & Johnson. Lindsley remained as a separate subsidiary, as did the three-store Steel City in Pittsburgh.

The formation of this separate company led to all kinds of speculation about what Posner intended to do with the retail stores, including the prospects of selling the company to Grossman, who was known to have made a leveraged buyout offer for the company earlier last year.

This possibility became even more controversial when Grossman, who joined his family's business in 1947, stepped down from his post as Evans Retail president in November to pursue his buyout more aggressively.

Ironically, the company's third quarter, 1984, results showed the retail stores' profitability flagging a bit. Its third quarter income was off 17%, and 31% down for the nine-month period.

Over the next few months, the company appeared to be in limbo. It missed its Jan. 15, 1985, debt payment and was in technical default of its loans. Vendors began holding back shipment of merchandise to the stores which, in midwinter, were bare in several product departments. And the banks finally demanded payment of the term debt.

On March 11, 1985, Evans Products and seven of its subsidiaries filed for protection under Chapter 11 of the U.S. Bankruptcy Code, with $753 million in total liabilities.

Sanford Sigoloff
Wickes chairman

Wickes 'miracle' ends Chap. 11 on upbeat note

LOS ANGELES — U.S. Bankruptcy Judge William J. Lasarow officially confirmed Wickes Cos. plan of reorganization at 11:43 a.m. on Sept. 21, 1984.

"Before we adjourn," Lasarow told a courtroom of lawyers who had been involved in the case since the April 1982 bankruptcy filing, "I just want to say I think this has been a miracle. Up here on the bench, we see many more failures than successes in Chapter 11."

The judge added, "I can't laud sufficiently the job done by the attorneys [Wickes], management and creditor's committees."

With that upbeat note, the bankruptcy proceeding adjourned and Wickes was on its way to settling approximately $1.7 billion of debt through the payment of approximately $600 million in cash and the issuance of notes, common stock and warrants.

During the era of court protection, nevertheless, Wickes' remained one of the country's largest retailers of lumber, plywood and building materials. Last year its lumber and building materials business segment, which includes Wickes Lumber, Builders Emporium, Wickes International and Sequoia Supply, generated $1.46 billion sales and an operating income of $28.1 billion.

(Sequoia Supply, a specialty lumber and building material distributor, had sales of $240 million while Wickes International, which operates home centers in Europe, posted $161 million sales.)

By far the largest Wickes' division is Wickes Lumber, which posted $853 million in sales in 1984, up 24% from 1983. Wickes Lumber operates 212 units in 36 states and is headed by general manager Les Hagen. Wickes Lumber did not go through Chapter 11 unscathed; it closed 65 stores during the 33-month bankruptcy period and relocated to Chicago from its longtime Saginaw, Mich., headquarters.

Wickes Lumber continues its commitment to the professional builder as well as the large project-oriented consumer. About

(Continued on page 79)

PEOPLE

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National Home Center News

Now America's best-known designer designs products exclusively for you.

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The Home Center Collection
by Gloria Vanderbilt.

Gloria Vanderbilt

Now Gloria Vanderbilt turns her talents to designing a line of products exclusively for the do-it-yourselfer. And that's terrific news for you and your customer. Gloria's fashion authority, her great style and her proven success add a new dimension to the home center business.

The Gloria Vanderbilt "Close to Home" Collection is stylish and tasteful with an overall feeling of quality that customers will respond to. Each piece is designed to relate to the others or stand equally well on its own.

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Home Center Products
by Gloria Vanderbilt

Gloria Vanderbilt Creations is a subsidiary of J.P. Stevens & Co., Inc.

Wickes 'miracle' ends Chap. 11 on upbeat note

(Continued from page 79)

70% of its sales volume came from commodities last year. Wickes Lumber has been called Wickes' "crown jewel" business segment and it is unquestionably a vital core business in Wickes' post-Chapter 11 period.

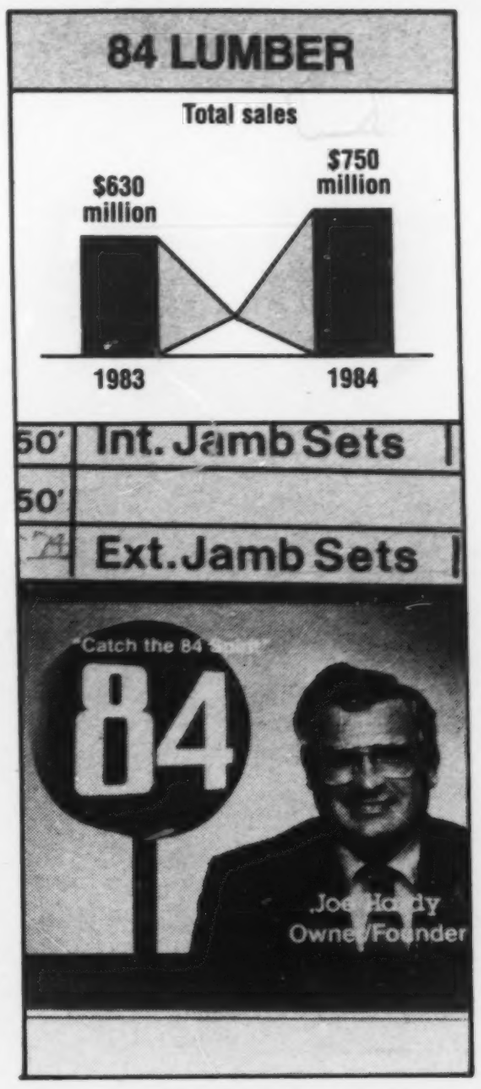
Wickes' Builders Emporium, in contrast, was a "problem child" for Wickes in 1984. The first quarter was disastrous for the 59-unit, Irvine, Calif.-based chain, according to Wickes' 10-K filing with the S.E.C. The report elaborated that BE was not maintaining adequate inventories and "store employee coverage to meet the customer's needs and advertising had been reduced in an attempt to achieve an improvement in short-term profit."

Stock shortages

The result: in 1984, operating profits for BE fell 83% despite an 8% sales increase to $204 million. Last summer, a management shakeup resulted in the early retirement of BE president Tony Swies and in subsequent weeks virtually the entire former BE management team was replaced. Late in the year, Hal Smith, formerly president of a five-unit southern California regional chain, was named president.

New strategy

Clearly, there are still bumps in the road to BE's total rebound. But the new management team headed by Smith is already revamping the merchandise assortment, upgrading employee training and implementing aggressive new advertising programs that are expected to improve operating results this year.



84's owner Joe Hardy, on sign that says, "Catch the 84 Spirit."

84 Lumber falls short of 1984 expansion goals

EIGHTY FOUR, Pa. — "Catch the '84 Spirit" was the promotional theme of 84 Lumber here, as it embarked on a two-year store remodeling campaign, experimented with television advertising in certain markets and installed point-of-sale terminals in all but a handful of its 365 stores.

In addition, the company's founder and chairman, Joe Hardy Sr., came out publicly with his "vision" of forming 84 Lumber, which he started with his brothers in 1953, into the industry's largest chain, with close to 700 stores and sales of $3 billion by 1990. Part of the achievement of this dream would include a major acquisition of one of the home center industry's other chains.

This expansion drive, which was estimated to cost $1 billion, stalled a bit in 1984, as the company—which Hardy originally projected would open 35 units and have sales of $840 million—fell somewhat short of its goals.

84 Lumber had a net store closing total of nine units last year, mostly in "problem" markets like Denver. However, the company saw its sales rise 19% to $750 million, of which around 60% came from DIYers. This year, 84 plans to open 22 new stores and is budgeted to do "at least" $850 million in revenue, according to vice president and director of purchasing George Handyside.

The big news last year at 84 Lumber, which is the industry's largest private company, was its store remodeling effort, which Hardy estimated could cost $100 million to complete by 1986. In many stores, which average 20,000 to 25,000 sq. ft., HVAC equipment was installed for the first time, in-store lighting was increased up to 400% and in some cases, selling space was expanded.

Prior to the remodeling, the stores generally carried $350,000 in inventory and 2,500 stock keeping units. Through last year, many stores were stocked with an additional $100,000 in merchandise and 1,000 sku's of mostly promotional and hard lines products that were intended to bring more consumers through 84 Lumber's doors.

The company supported this remodeling and remerchandising in two key areas: advertising and inventory management.

The chain upped its ad budget last year to $25 million and placed greater emphasis on newspaper circular inserts touting the units' low pricing. In addition, 84 experimented with TV ads in some larger cities and, intermittently, engaged in an out of character public relations campaign with local and national business press to explain its growth plans.

Nearly all its stores received new POS terminals last year, at a cost estimated by Handyside of around $5 million. He noted that the "second leg" of the company's computerization of its stores this year will include putting mainframe equipment in all seven of its district offices.

The question marks that remain about 84's operation center around the location of its units, which continue, for the most part, to be on the outskirts of many markets, and its management, which lost two key people through retirement last year.

The company appears to be addressing the location problem, as its expansion this year will include building units closer to population centers in several markets. Over the next few months, the chain will open stores in Toledo and Rochester.

And while long-time executives Dan Hixenbaugh and Dave Young retired from 84 between April 1983 and June 1984, and the company's corporate management remains slim, with Hardy, at 61, still leading the charge, it appears the chain will be concentrating more on decentralizing its operations to accommodate its growth strategy over the next several years.

"We are of the opinion that we need to re-emphasize the level of management immediately responsible for the stores' profitability," said Handyside in an interview with *NHCN* last month. He explained that the company will be concentrating on honing the skill of its "super managers," those men who oversee the operation of between 16 and 15 units each. Currently there are 34 such managers, and Handyside indicated the company will be expanding this work force.

Gloria Vanderbilt "Close to Home" Collection

Micro-Mini Blinds by Jencraft Corporation.
Wood Paneling from Champion International Corporation.
Wallpapers and Borders from International Wall Coverings.
Dhurry Rugs by Jencraft Corporation.

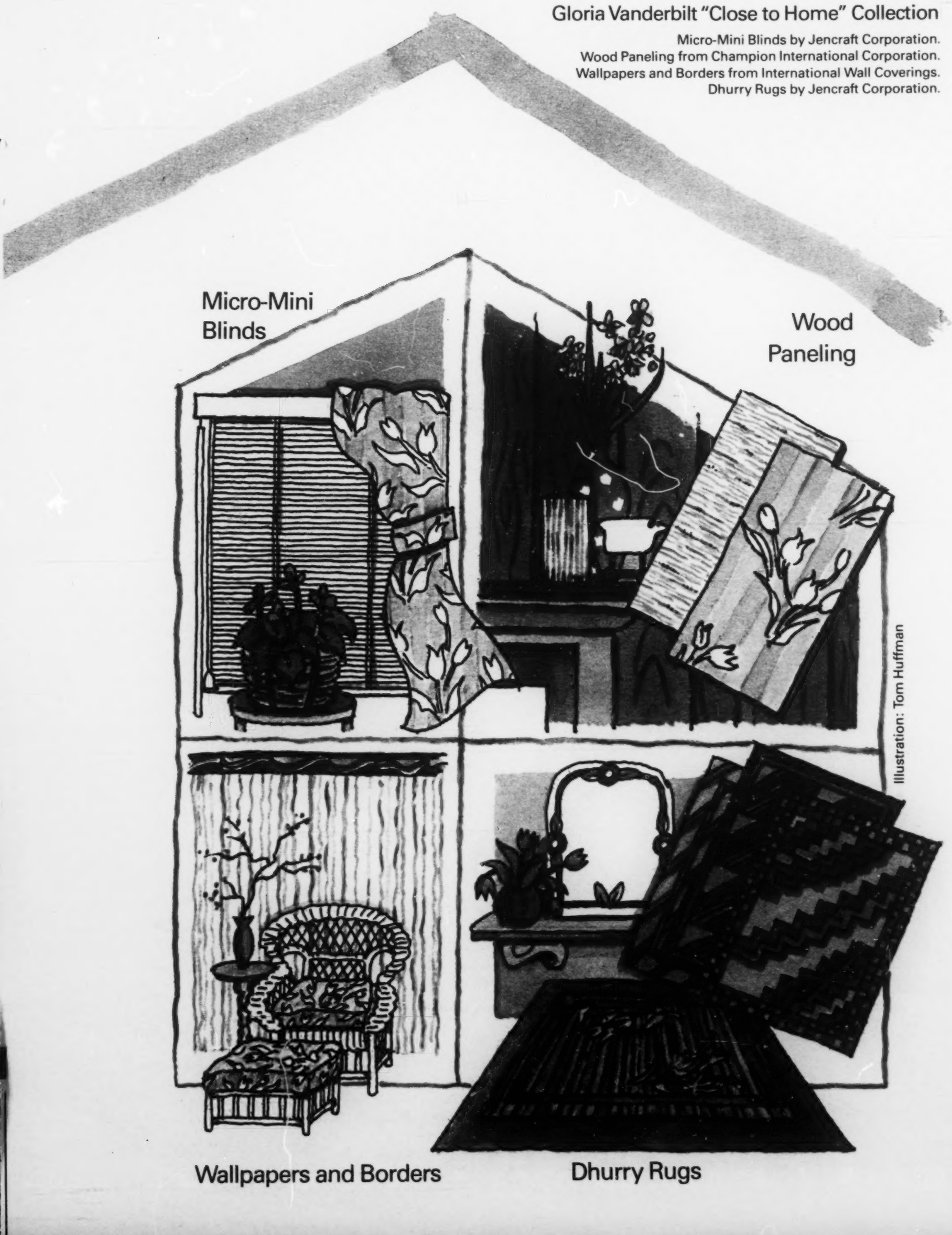
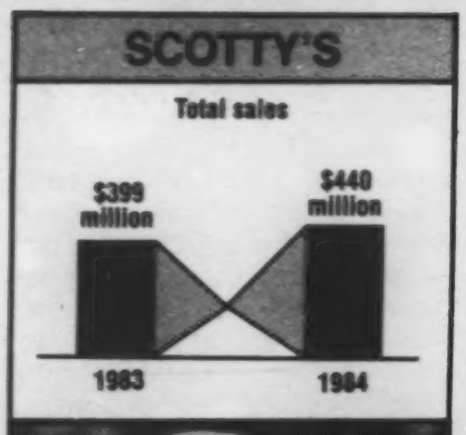


Illustration: Tom Huffman

THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY



Scotty's president Ray Cooney at security analysts meeting in New York. NHCN photo

Refurbishment program pays off for Scotty's

WINTER HAVEN, Fla. — The upgrading and expansion program initiated in 1983 proved profitable for Scotty's in 1984.

The 113-unit company posted an 18.2% sales increase last year, to $424,537,000, with earnings of $18,059,000 for the fiscal year ended June 30. Sales for the calendar year reached $440 million. Its stock soared 59.6% last year, from 98¢ per share to $1.39 per share.

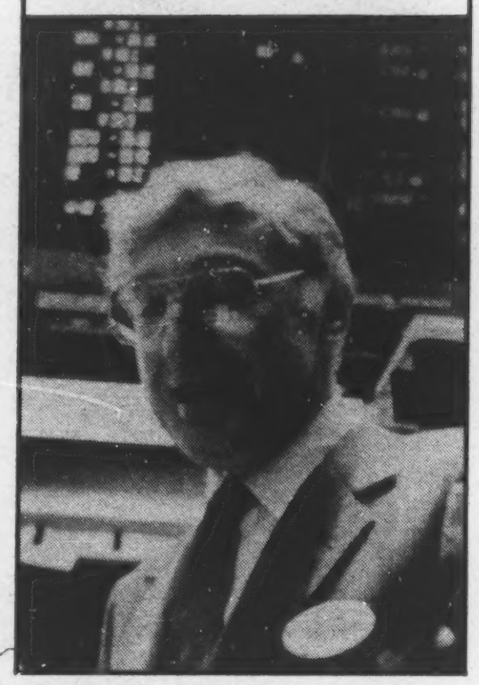
The explosive new construction patterns in Florida are credited with much of Scotty's increases along with many of its internal changes, including the addition of automotive supplies and house plants into its stocked items. Also Scotty's started buying more of its inventory from overseas, especially from the Far East.

Last year, the Winter Haven-based company opened a new truss plant, for the manufacturing of roof trusses, prehung doors and bathroom vanities.

In addition to adding eight new stores during 1984, Scotty's redeemed its March 1, 1981, subordinated convertible debentures on April 1, 1984, at 107.8% of their face value, plus accrued interest at 9¾%. Scotty's allowed the holders to convert their holdings to company stock at $11.73 per share. The original $15 million offering was made to help the company finance its expansion.

Already this year, Scotty's unveiled the company's "store of the future," on Jan. 17 in Jacksonville. At 49,000 sq. ft., the new store is the company's largest, and its prototype. Six more units, carrying 2,500 more stock keeping units, for a total of 13,500 sku's, are planned to open in 1985 and 10 of Scotty's larger units are expected to be remodeled to fit in with the new format.

Two long-time Scotty's executives, both of whom had been with the company for over a decade, retired late last year. Alice E. Sherman, a 16-year veteran with the firm, retired from her position as vice president for systems and control. She had been one of the top five executives who made up Scotty's management committee.



Home Depot chairman Bernard Marcus at New York Stock Exchange. NHCN photo

Home Depot on road to becoming a national chain

ATLANTA — The Home Depot added 12 new units in 1984 and posted a sales increase of 69%, to $432,779,000. Net earnings topped $14 million, or 56¢ per share, an increase of 38%.

The 31-unit retailer also added a new management tier last year, preparing it for its emergence as a national chain.

Company leaders report, however, that the addition of the new managers—in merchandising, store planning and construction and finance—will not alter the retailer's entrepreneurial style. It does, though, signal the maturation process of the company as it approaches sales of $500 million and increased competition.

The Atlanta-based retailer requested and secured its listing on the New York Stock Exchange in 1984, and was an actively traded stock. The stock suffered when second quarter earnings fell short of expectations and margins softened. But late in the year the stock began climbing to the high teens, having fallen to 12 from the mid-20's.

Home Depot was also busy opening new stores and completed its first acquisition with the purchase of nine-unit Bowater Home Centers Inc. of Plano, Tex., for $40 million last December, giving it six stores in the Dallas/Fort Worth market and one each in Shreveport and Baton Rouge, La., and Mobile, Ala.

Last year Depot also opened stores in Phoenix and Tucson, Ariz., and St. Petersburg, Fla., and announced plans to enter Houston, Detroit, southern California and Jacksonville in 1985. It also is due to complete two more units in Atlanta, for a total of six stores in its hometown.

This year, The Home Depot announced plans to open 20 units. In 1986, the company also plans to open another 20 stores.

The new management tier established to accommodate this growth includes John Romberger as director of store planning and construction, reporting directly to president Arthur Blank. And Ron Brill, senior vp and cfo, now has a vp of finance working for him, Dwayne Walter. And Bruce Berg, formerly of Wickes Lumber, joined Home Depot last year and filled out the ranks of merchandising vps, which then enabled Pat Farrah, one of Depot's founders and its merchandising brain to depart early this year.

Four new regional managers were added, for a total of six such positions.

Also last year, Builders Emporium vp of merchandising Steve Capasso, joined the company as its paint sundries and window treatments merchandiser, and Paul Stubbs, vp of merchandising from Dixieline Lumber, became Depot's hardware merchandiser.

Go outdoors and make more money with Southern Pine.

Push-Pull

The outlook for home improvement has never been better — more people are spending more than ever on homes, yards and gardens.

So we know the market for treated Southern Pine lumber is as big as all outdoors.

Decks. Fences. Outdoor storage, outdoor furniture, pools and hot tubs.

Projects that add convenience and value to a home, that are relatively easy for the average homeowner to tackle, and that can generate demand in your store for paint, stain, brushes, hardware and tools.

We're working hard to push the business your way. With ads in publications homeowners read most. With idea brochures. With how-to literature.

Volume

It's high and rising.

Five years ago, treated Southern Pine was something less than a household word.

Today, about 30 percent of all Southern Pine lumber is pressure-treated with preservatives that protect the wood in even the toughest outdoor or ground exposures.

The volume is there. The market is increasingly active. We can help you get your share.

Support

First, with modern sales training aids for your personnel, including a videotape that explains what treated Southern Pine is, why it's the best treated wood you can buy, how it's treated, quality standards, uses, and how to sell it.

Second, support literature. Reference material for your salespeople and for contractors and architects. Plus promotional brochures for over-the-counter customers who want to know how to use the product around the house.

Third, with stimulating ideas for homeowners.

Send me your Outdoor Idea Book.

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John Hechinger
Hechinger president

Hechinger sees record '84 sales; intros whse unit

LANDOVER, Md. — It was a busy year for 45-unit Hechinger.

In addition to posting record sales and earnings, the Landover-based retailer added seven new stores including the introduction of its warehouse prototype called Hechinger DIY Warehouse in Raleigh, N.C., and then won approval from the Securities and Exchange Commission to make a $75 million public offering of convertible subordinated debentures to finance an ambitious, two-year, 20-store expansion program.

This program includes opening new stores, mostly warehouse units, in such new markets as Ohio, western Pennsylvania, Delaware, New Jersey, South Carolina, upstate New York and Long Island. Since that original announcement, Hechinger opened in Columbus, Ohio, and Greensboro, N.C., and announced it will open two stores in Rochester, N.Y.

Also, Hechinger said that it would continue to fill out its existing markets, including its home base, Washington, D.C., and Baltimore, Virginia, North Carolina and central and eastern Pennsylvania.

All totaled, the company's 24-month expansion program will add 60% more selling and storage space, from 3.3 million sq. ft. to 5.3 million sq. ft.

Accompanying this expansion, "The world's most unusual lumberyard," as it has long been known, added a new slogan for in-store advertisements: "There's no place like Hechinger," to better reveal its message in new markets.

The company famous for its fastidious style, finished 1984 with record sales, up 31% to $405.1 million. Earnings also rose substantially, 29% to $20.9 million, or $1.15 per share.

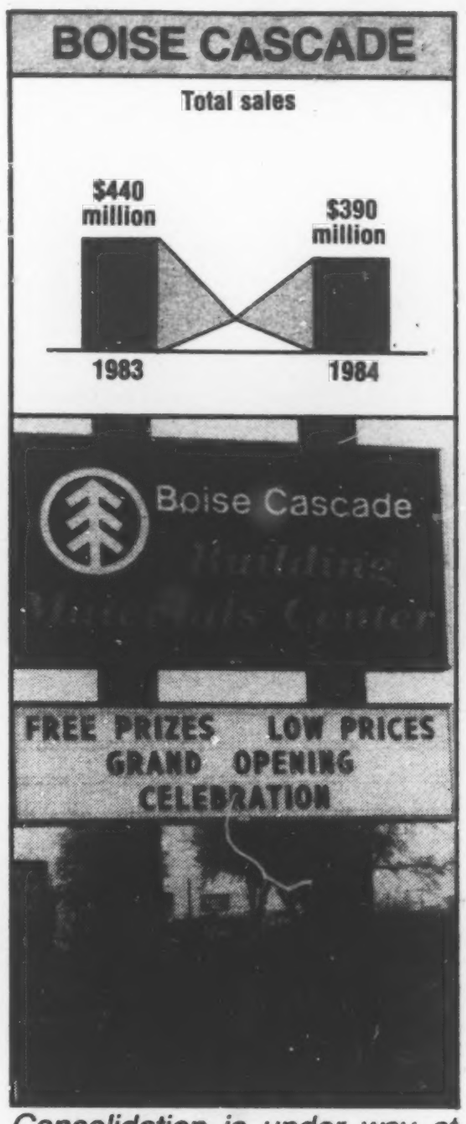
Early in 1984, Hechinger announced it would join retailing giant K mart to create a nationwide chain of DIY warehouse home center stores called The Home Team, but the deal fell apart last May. Instead, Hechinger (and K mart) each opened their own warehouse stores.

Boise Cascade looks to paper to offset retail loss

BOISE, Idaho — For Boise Cascade Corp., 1984 was a year that saw the company move to cut its losses in the retail building materials and building products segments, while paying more attention to the profitable areas of paper, packaging and office products.

The culmination of Boise's 1984 building products consolidation efforts came early in 1985 though, when the company sold 23 Texas and Oklahoma stores to Lowe's Companies, the North Wilkesboro, N.C.-based home center retailer, for $50 million. That leaves Boise with 48 retail units out of an all-time high of 94 stores in 1981.

In 1984, Boise Cascade realized revenue of $3.8 billion as compared to 1983's $3.5 billion. The company recorded record breaking performance for 1984 in its growing paper segment. Mixed results were turned in the packaging and office products area, while the building products segment recorded substantial losses.



Consolidation is under way at Boise Cascade.

Rickel retrofits helps sales; eyes expansion

SOUTH PLAINFIELD, N.J. — For Rickel Home Centers, 1984 was a year for remodeling and remerchandising existing home centers, opening four additional stores and branching into two, new adjacent markets.

The northern New Jersey-based company also rang up an impressive sales year, with total 1984 revenue of $347 million, a 26% jump over 1983's figure of $275 million.

Rickel's sales growth can be attributed at least in part to customer acceptance of the chain's retrofit program, which resulted in a combination warehouse and traditional home center store. The remodeling done at the reopening of the chain's Warminster, Pa., store last year was carried over into new facilities at Watchung, N.J., and Norwalk and Bristol, Conn. New features debuted at Warminster included a small drive-thru area, some warehouse racking, expanded store hours, brighter signage and a "how-to" electronic genius, providing customer service.

Supermarkets General, Rickel's parent, will pour $22.5 million into the home center company in 1985, a record high capital expenditure for Rickel. Some of that capital will help Rickel's expansion into the new markets of Connecticut and Maryland. At the end of 1984, Rickel opened its first Maryland store, in Towson, followed by a second area store early in 1985.

The chain also moved into Connecticut late last year, in Norwalk, and followed that initial foray into the state with a Bristol location in 1985.

New Jersey, along with Pennsylvania and New York, are Rickel's heartland, an area which it shares with Channel Home Centers, an area that, until lately, had been ignored by the warehouse chains. But the situation has changed as warehouses begin their assault on the region.

Mr. HOW opened several units in suburban Philadelphia. And Philadelphia-based Mr. Goodbuy's, opening up 100,000 plus-square-foot stores, is expanding its presence throughout the region.

Six very profitable reasons

"Right up front, I'll tell you that HWI's pricing gives you the edge on the rest of the guys out there. And lets you be more profitable, too. It's because we've got the lowest overhead in this industry."
Lorraine Haertling
Haertling Hardware
Nashville, Illinois

"You can get 95% of your merchandise on a 'one each' basis from HWI. It's so much simpler that way, and you don't have so much cash tied up in inventory."
Randy Snooks
Choo Choo Supply
Vidalia, Georgia

"HWI stocks everything you'll ever want in hardware and building material products. And all from one source."
Al Uhrig
Stripling-Blake
Lumber Company, Inc.
Austin, Texas

"Seems like HWI just keeps coming out with great new programs. Like the Do-it center® program and the VITAL™ monthly video training program for employees. We're managing our inventory and gross margins better with the IMCS, too."
Charlie Phillips
Phillips Do-it center®
Reedsburg, Wisconsin

"We've been especially happy with HWI's advertising program. It's so flexible. You can just pick and choose what elements you want, and you only pay for what you actually use."
George Rotter
Rotter's Home Center, Inc.
Lower Burrell, Pennsylvania

"We've always had real good service from everybody at HWI. They haven't forgotten what a cooperative's all about."
John W. Crowder
Crowder Brothers Hardware
Palm Harbor, Florida

Six reasons are just the beginning. HWI simply offers you more opportunities for profit than any other organization in the do-it-yourself industry. And that's all the reason in the world to make your move to HWI now.

As a buying cooperative, HWI's purpose is to serve its members and make them more profitable. Our overhead is consistently the industry's lowest. Which makes for some pretty spectacular rebate checks at the end of the year.

The HWI name keeps coming up whenever hardware, lumber and building material retailers start talking about programs, too. HWI offers its members innovative, truly exciting programs for almost every area of their operations. From inventory control to employee sales training.

You can see why HWI members get so enthusiastic when talking about their co-op. They know what a great thing they've got going for them. Just one look at their sales figures tells you they're doing things right.

Isn't it about time you put a competitive advantage like HWI behind your business, too? Call Mike McClelland at HWI, 219/749-8531. He'll give you all the reasons you need.

HWI
the friendly ones

Chuck Davis
Rickel president

Peavey purchase part of Lanoga's rural gameplan

SEATTLE — Lanoga Corp., which operates the United Building Centers, Spenard and Lumbermen's chains, made the assimilation of 23 Peavey retail stores into its UBC division one of its top priorities in 1984.

UBC acquired the building supply units operated by Peavey Co.—a Minneapolis-based subsidiary of ConAgra Inc.—last spring. The Peavey stores strengthen UBC's rural market presence in Minnesota, North Dakota, South Dakota and Wisconsin.

The 23 Peavey stores are estimated to generate about $50 million sales, of which 67% are DIY transactions. Chainwide, Lanoga posted 1984 sales of $344 million, a 14% year-to-year increase. Contractor sales accounted for 60% of the volume.

Lanoga president Ted Tanase said Peavey represents Lanoga's continuing game plan to aggressively expand the chain into "rural areas—where our competition is dropping out."

In Alaska, for example, Lanoga's 11-unit Spenard Building Supply continues to be the dominant building material dealer. Spenard opened a new, 10,000-sq.-ft. built-to-suit in Eagle River in northern Anchorage early in the year.

Lanoga's most consumer-oriented chain is Shelton, Wash.-based Lumbermen's, which opened two new units last year—a 30,000-sq.-ft. outlet in Redmond, Wash., and a 40,000-sq.-ft. facility in Clackamas, Ore. Lumbermen's president, Larry Knudsen, resigned early in the year and his post was slated to be filled by late April. The 15-unit chain is also planning to relocate corporate headquarters to Olympia, Wash.

Tanase noted that among the management additions to the company in 1984 were home center-oriented merchandising experts who are expected to continue the chain's DIY thrust. These include Doug Grover, Spenard's merchandising director, formerly with Menards, Eau Claire, Wis., and Dave Dittmer, merchandising director for Lumbermen's, formerly a district manager for Payless Cashways in Indiana.

Ted Tanase
Lanoga president

Diamond begins retrofit program to snare DIYers

DALLAS — Diamond Lumber is rolling out a chainwide $24 million retrofit program designed to revamp store interiors and merchandise mix to attract more serious DIYers to the predominantly contractor-oriented chain.

The initial five redesigned stores were unveiled in the Sacramento, Calif., area in March. The chain's remaining 91 stores will be redone within three years in a $24 million program.

The impetus for the new look for Diamond occurred in September 1983 when Diamond was acquired by Michigan General. Michigan General has brought abroad a new management team headed by president Jerry Rex.

Sales results for 1984 showed an 8% gain in revenues to $330 million. Significantly, consumers were credited with generating 20% of the sales, compared with 15% for the year-earlier. Diamond's eventual goal is to achieve a contractor-consumer ratio of 65 to 35.

DIAMOND
Your Home Investment Center

Meantime, there is some uncertainty about the future of Diamond's parent. Late last year General Felt Industries, Saddle Brook, N.J., bought 219,000 shares of Michigan General, raising its ownership to 16.5%. General Felt is Diamond's largest shareholder and is reportedly interested in purchasing more than 50% of the company's stock eventually.

Michigan General president John Boudreau announced in late March that three directors of General Felt were elected to Michigan General's board, and he said he was "delighted" to have their representation.

For Diamond, the coming months will be occupied with sprucing up existing stores. Five additional stores in California will be remodeled this year followed by a second cluster of stores in Idaho and Washington. The rehab of the stores involves expanding the retail showrooms from an average of 4,000 sq. ft. to 8,000 sq. ft.

Jerry Rex
Diamond Lumber prez

to make the move to HWI.

1 Low overhead = more profit for you
In fiscal 1984, our overhead was a mere 3.90%. Consistently the lowest in the industry. And that translates into the best rebates in the industry.

2 No large minimum purchases
At HWI, 95% of warehouse stock can be purchased in single units. You can buy just as many as you need, not how many somebody else wants to ship you.

3 Complete product selection
HWI warehouses stock your hardware, lumber and building material needs. Each one carries over 35,000 items, and deliver every week.

4 Aggressive retail support
Award-winning programs include the Do-it center® retail marketing program, VITAL™ monthly video employee training, customized inventory and margin control. All designed to build your productivity and profitability.

5 Customized advertising programs
HWI offers you the industry's most flexible advertising program. Professionally-produced sale circulars and newspaper tabloids for hardware and building materials. Create advertising that fits your precise market, geographical and budgetary needs.

6 Company philosophy
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THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY

Sutherland: Not so traditional anymore.

Sutherland gains fueled by larger sales floor sizes

KANSAS CITY, Mo. — Sutherland Lumber in 1984 began to enjoy the fruits of some of the warehouse-type merchandising concepts it had put in place during the previous 12 months.

The chain moved some $525 million worth of goods out of 85 stores in 1984, compared with $426 million out of 82 stores in 1983.

While the chain's store count increased by 4%, a more modest figure than the 9% increase achieved during 1983, the company's volume increased by 23%, roughly the same as the previous year. The reason lay in the larger show room sizes, and deeper racking systems, put in place at a number of Sutherland units.

Late in 1983, the company had opened the doors of the largest store in its history, a 101,000-sq.-ft. unit dubbed "HouseMart." This had been preceded by yet another Sutherland warehouse venture, this one called "Sutherlands Warehouse Plus" in Tulsa, Okla.

In the disparity of its merchandise presentations within both sets of warehouse operations, Sutherland differs from other warehouse operators who have opened units with coordinated presentations in multiple markets.

A Sutherland spokesman attributed the disparities to a recognition that different markets call for different kinds of retailing. Also, the company is family-owned, with various Sutherlands controlling different groups of stores.

This Sutherland approach to matching stores with markets went a step further in March of 1984, when the company opened its first small specialty hardware store, in Little Rock, Ark., called "Crate Deals."

Sutherland made further moves last year to upgrade its in-store services.

A video kiosk was introduced that offered customers information about merchandise in the store. And, later in the year, the company introduced its own credit card.

Sutherland also took on a new software system which helped management analyze the zip codes of their customers to determine ages, income ranges and house locations. Such information helps the retailer plan both new store locations and advertising strategy.

Consolidation, renovation mark Handyman in 84

SAN DIEGO — Handyman pulled out of its Texas and Oklahoma markets in 1985, shuttering 21 stores, as part of an effort to concentrate on expanding and improving stores in its California, Oregon and Arizona markets.

The chain based here also launched an 11-unit retrofit program with the remodeling of its 54,000-sq.-ft. store in the Kearny Mesa section of San Diego near corporate headquarters. Another 10 stores are slated to be completely changed over to the new format by June.

A single unit in Sacramento, Calif., was also closed in June, meaning that Handyman ended the calendar year with 55 stores, a drop from the 77 units opened at year-end 1983. The store closures, however, didn't affect the chain's sales volume, which rose 13% to $270 million.

Handyman, a division of Edison Brothers based in St. Louis, is a 100% DIY chain with stores that average 40,000 sq. ft. in size and contain about 25,000 stock keeping units.

The future direction of the chain is to concentrate on its Western U.S. units. Company officials are not revealing how many new units they plan to add this year. Nor have they said if they will remodel every store in the chain to fit the Kearny Mesa prototype, which is Handyman's response to the warehouse home center concept.

The Kearny Mesa unit features an expanded building materials department, new warehouse steel racks and heightened gondolas. A race track loop configuration guides customers through the store, which has wider aisles to accommodate forklifts.

Harvey Rosen
Handyman president

Pay 'N Pak still enamored with warehouse style

KENT, Wash. — Pay 'N Pak continues to stake its future on the warehouse format.

So far the chain has converted 18 stores to the new warehouse format and during the next two years the company plans to construct or convert 25 to 30 more stores to the format.

Specifically, Pay 'N Pak this fall is planning to open two new stores in the San Francisco Bay Area. Last year, Pay 'N Pak opened a single new unit—the highly successful 81,000-sq.-ft. Home Improvement Warehouse Outlet in Honolulu, which debuted last May 24 and reaped $1 million in opening-week sales.

Fiscal 1984 was not totally positive, however. In its fourth

(Continued on page 89)

We work hard to make your customers happy.
We make it easy for people to buy Clopay.
With high fashion packaging that communicates quality, features and benefits.
We make it easy for people to install Clopay.
With products and instructions that have been successfully pre-tested with consumers.
We make it easy for people to call us for assistance or information.
With a toll-free 800 number.
We make it easy for people to know about Clopay products.
With advertising in leading consumer magazines and on TV.
We work hard to make customers happy. Because happy customers mean repeat business for you.
Clopay
Install with confidence.
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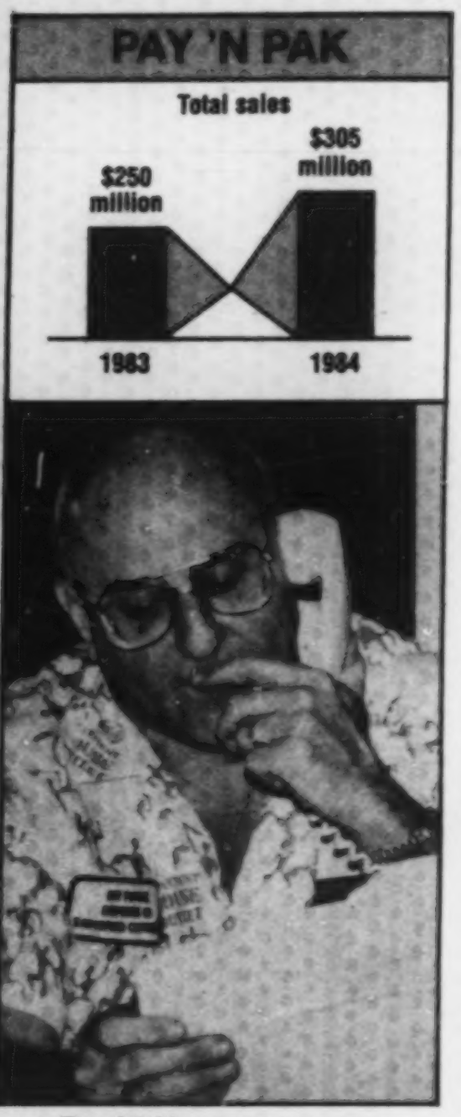
Clopay
Fashion Pleated Blind



David Heerensperger
Pay 'N Pak chairman

Pay 'N Pak still enamored with warehouse style

(Continued from page 85)

quarter, income dropped 46% on a 15% sales increase. For the full year, earnings were $10.1 million, a 1% gain, on a 22% year-to-year sales increase to $305.1 million.

Chairman and ceo David Heerensperger, discussing the results, reported that "Our business has been changing in the past three or four years because of the introduction of the 'low price, no frills' warehouse concept of merchandising. This has intensified competition with resultant lower margins due to pricing and increased advertising costs." In March, Pay 'N Pak closed a store in Seattle.

Also contributing to Pay 'N Pak's woes, Heerensperger reported, was the lower inflation rate, which brought about some inventory deflation. Pay 'N Pak took substantial write-downs on the cost of its inventory in the last half of 1984.

But for the future, Heerensperger said he does "not look for anything other than modest adjustments" in the inventory carrying costs. "Pay 'N Pak is in fine financial shape to handle the vigorous expansion planned by its management and looks forward to reporting gradually improving profits during the coming year," he reported.

On the personnel side of the business, Pay 'N Pak directors named Marshall J. Weigel vice chairman of the company. The appointment was announced last April. Weigel, 64, had been a member of the board for 14 years and is president of Merchandising Factors Inc., a real estate investment company based in San Francisco.

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Menard's sales rise amid spate of knockoff suits

EAU CLAIRE, Wis. — Activity at Menard's last year was not confined to operations and merchandising.

The 24-unit company put much of its efforts in 1984 behind the aggressive promotion of its three stores in Milwaukee, two of which having been opened in December 1983.

But Menard's also became entangled in a lawsuit alleging that the chain was selling counterfeit goods. In August, Menard's, along with a Taiwaness distributor and Chicago-based importer, were named in a suit filed by U.S. Brass which claimed these three companies were engaged in the distribution or sale of illegal knockoffs of its "Aqua Line" brand faucets.

On Aug. 23, a judge in the Northern District of Illinois entered a preliminary injunction barring these plaintiffs from sale of these import faucets. All three parties consented to the injunction without a hearing, though the suit was still pending as of this April.

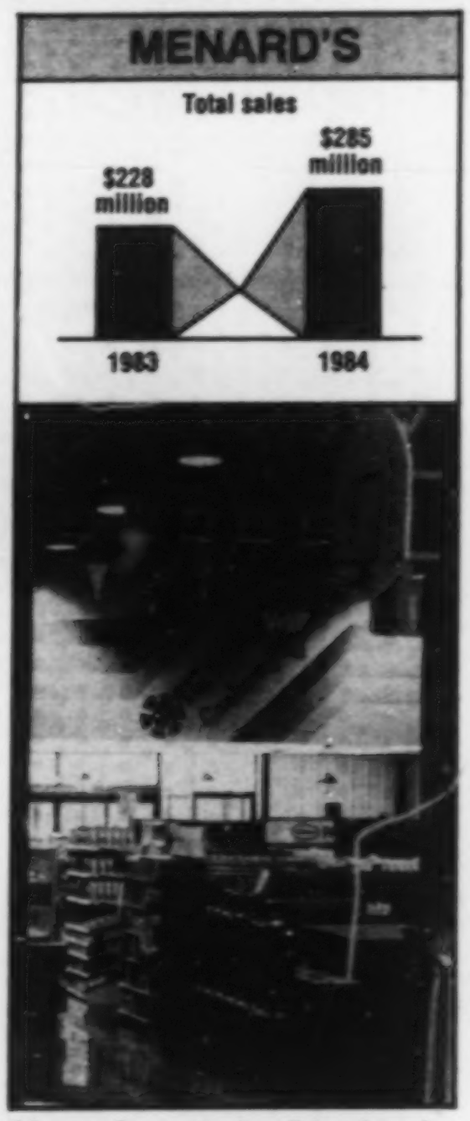
Menard's, which in 1983 was found guilty of selling counterfeit airless paint sprayers, which were knockoffs of Wager SprayTech products, contends its buyers were not fully cognizant of the faucet brand name they purchased. "It is not our intention to violate any manufacturer's trademark," said Warren Johnson, an attorney for Menard's.

(Earlier this year, Menard's was named again in a lawsuit, filed by Hirsh Co., which alleged it was selling counterfeit workbenches infringing on Hirsh's products.)

These litigious distractions did not appear to adversely impact Menard's business last year, though, as its sales, by *NHCN* estimates, rose 25% to $285 million, of which 85% came from DIY purchases.

Menard's came into the Milwaukee market this year like a tornado, blitzing the market with television, newspaper and radio ads consumers in this market had not been subject to before.

Between June and September, the chain spent $100,000 on TV ads in this market.



Menard's netted solid sales despite courtroom distractions.

Trump takeover puts brakes on Ernst remodel

SEATTLE — Ernst Home Centers began 1984 by launching an ambitious chainwide remodeling effort but stopped the retrofit program in the wake of parent Pay 'n Save Corp.'s conversion to private ownership in September.

Boldly billed in January of 1984 as a major, two and a half year remodeling project to refurbish every store in the chain, the revamp plan was put on the back burner after only a handful of stores were completed.

Ernst officials managed to open their 70th outlet in 1984, a 34,000-sq.-ft. store in Spanaway, Wash., which, although not a warehouse store, borrowed a number of concepts from warehouse retailing to create the atmosphere of more promotional, discount-oriented outlets.

Overall, Ernst last year was in the process of a major strategic shift away from consumer product-oriented retailing to-

(Continued on page 90)

TRADE-UPS. MARGINS. QUALITY. THAT'S WHY PAYLESS CASHWAYS & CAREFREE FAUCETS ARE A SUCCESSFUL PARTNERSHIP.

(From left) Jim Woulf, senior vice president, sales and marketing, Universal-Rundle; vice president-merchandising John Breedlove and president David Stanley, Payless Cashways.

Faucets are one of Payless Cashways' fastest growing product categories.

"CareFree Faucets have been more successful for us than other faucet lines," explains Payless president David Stanley, "for a number of reasons."

"CareFree has an excellent sell-up program. Their complete line lets our customers trade themselves up to higher-priced faucets because the line is so logical and uncomplicated. Plus, the increased benefits of the sell-up products are easily recognized."

CareFree Works For Our Customers

"Our customers find the CareFree Faucet line easy to understand and to trade up with," Stanley continued. "We feature CareFree Faucets in our home centers because of the rich product mix they provide us and their consistent high quality."

The Bottom Line

"We like the improved margins and inventory turns we're getting with CareFree," said Stanley. "Through our combined efforts and partnership with CareFree, faucets have become a very profitable part of our business."

Payless Cashways' regional vice-president, Roger Weverka, reviews 84 feet of CareFree Faucets in one of the company's Dallas, Texas, Home Centers.

An Excellent Sell-up Program

"One of the key elements of our success at Payless Cashways is our ability to buy the right product lines for our markets and customers," adds merchandising vice president John Breedlove.

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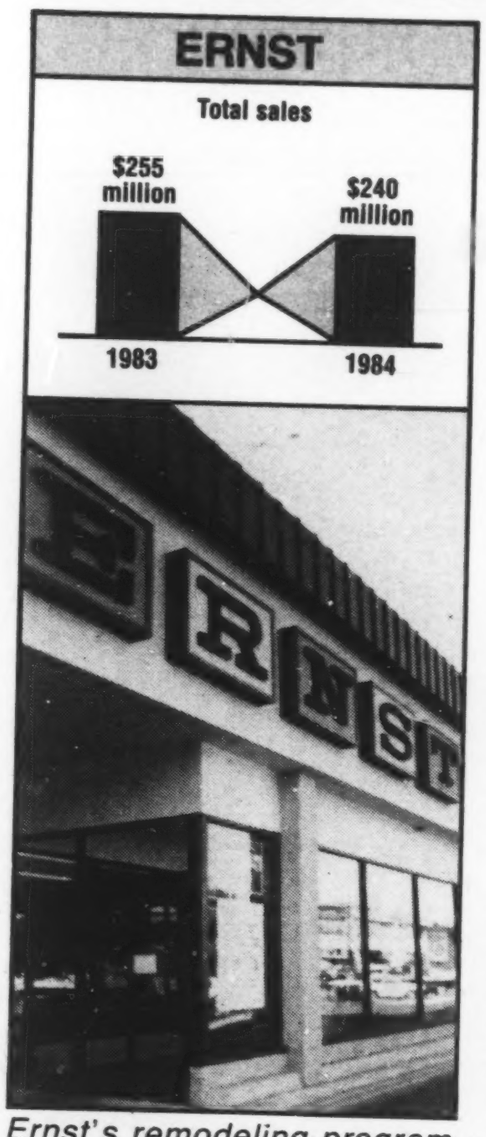


Ernst's remodeling program stalled under new ownership.

New consumer emphasis boosts West's volume

ATLANTA — Fueled by an aggressive advertising program and the remerchandising of some of its stores, West Building Supplies enjoyed an increase in volume of 24% in 1984. Volume for the year was $245 million, positioning the chain at the No. 19 spot on the *NHCN* top 100 chart.

Consumer sales accounted for a good portion of the increase enjoyed by this chain, which has traditionally been a stronghold for contractor sales. Sales to do it yourselfers increased by 42%, to a level of $98 million, last year.

West set the stage for a chainwide remerchandising program with the opening of a warehouse type home center in Athens, Ga., in late 1983. The chain studied results of that first effort, and, in March of 1984, opened new entries in its "superstore" concept in Home, La., and Jonesboro, Ga.

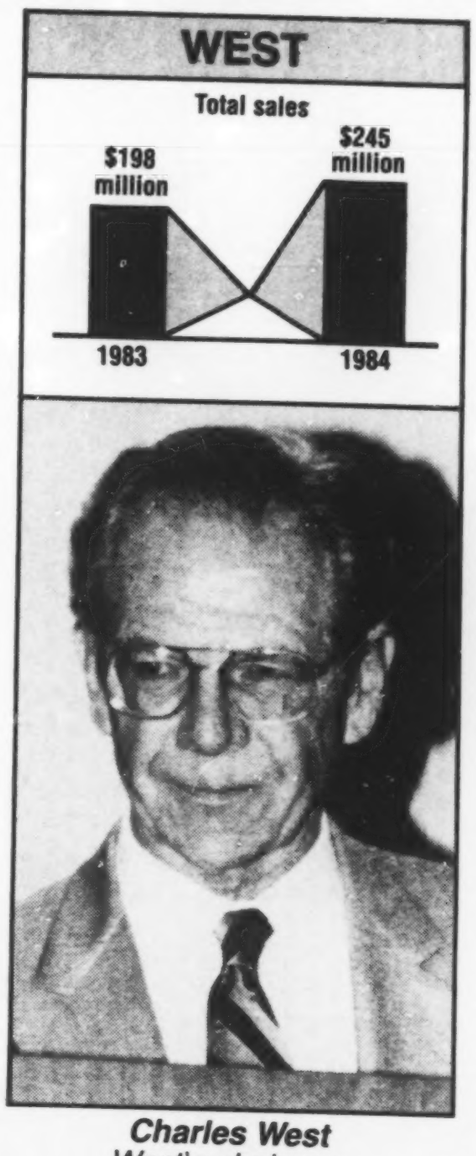
The Jonesboro store provided a degree of insight into the future direction for this 92-year-old company. For the first time, lumber and building materials were displayed under roof. Some 20% of the showroom space, and all of an adjacent 15,000-sq.-ft. backup warehouse area, was devoted to commodities.

The Jonesboro unit, also, was the first to have a full-blown lawn and garden department, which the chain plans to roll out to all of its units.

The chain, which converted a half dozen of its units to the "superstore" concept by the end of 1984, and plans to convert another half dozen annually, also took steps to centralize control last year, over its units where, traditionally, the store manager had a great degree of autonomy.

Planograms have been developed, and store managers must now obtain approval for new lines of merchandise.

Tighter family control of the chain was evident in the summer of 1984, when long-time president Ed Plemons was ousted from his position and a triumverate consisting of Mark West and senior product line managers Bob White and Bill Godwin temporarily assumed his duties.



Charles West
West's chairman

30-unit Central positioned for whse growth

BRIDGETON, Mo. — Central Hardware, the $230 million chain of 30 stores, spent 1984 remerchandising many of its older stores with deeper warehouse racking and a greater emphasis on commodities, in preparation for a more aggressive store opening program in 1985.

The company sent the strongest signal concerning its future commitment to the warehouse format in March 1984 with the opening of a 60,000-sq.-ft. unit in Indianapolis. This store, according to company officials, would serve as a prototype for future Central Hardware units.

Over the summer, the chain launched a store renovation program that began with its unit in South St. Louis County. By the end of the year, the company renovated roughly half of its stores, including all of its Memphis and Indianapolis units, three of the 10 St. Louis operations, two of the four Columbus units, and several Cin-

(Continued on page 91)

Trump takeover puts brakes on Ernst remodel

(Continued from page 89)

ward a big-ticket, project approach. Then, in September, The Trump Group, a New York-based financial and business concern, orchestrated Pay 'n Save's takeover.

Subsequently, Ernst has reevaluated its store design goals, and, earlier this year, consulted with Atlanta design firm Miller/Zell. Meantime, the corporate chain-of-command was changed and executive responsibilities—including those of Bill Boston, a vice president and general manager of Ernst—were altered.

Early in 1985 Michael Rouleau, a former Minneapolis-based Dayton Hudson executive, was named to the newly created post of Ernst president. Boston was named assistant to the president.

The change in management was apparently prompted by Ernst's less-than-satisfactory performance in 1984. A prospectus issued last fall on the Trump leveraged buy-out plan forecast Ernst's 1984 sales of $316.8 million and earnings of $4.6 million, a 58.2% decline. Actual year-end results were $240 million.

Trade sources report that Ernst has had difficulty defining its retailing mission in recent years. They note that in 1983, Ernst phased out its high-margin sporting goods departments, contributing to the chain's overall drop in margins and earnings potential.

Last summer, however, Ernst brought aboard Mack DuBose as merchandising director. DuBose formerly was a regional manager with the W. R. Grace home center division and was expected to contribute to Ernst's growing emphasis on commodities and building materials.

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30-unit Central positioned for whse growth

(Continued from page 90)

cinnati units.

Where store size permitted, interior renovations included not only the replacement of gondolas with pallet, or H-frame, racking, but also expansion of the lumber department into roughly a fourth of the available space, in a move to project an image that includes commodities as well as the chain's traditional hardware.

When parent company Interco issued its annual report in the spring of 1984, it stated that Central would eliminate all of its stockrooms and convert the entire available space to selling area, in all of its stores.

In some cases, the company has taken temporary steps in reaction to new competitive forces, until more involved renovations can be undertaken. For example, in Memphis the company installed warehouse racking, and removed televisions, appliances and sporting goods in its four stores. The previous fall, Homecrafters Warehouse had entered that city, traditionally Central country, with three 76,000-sq.-ft. stores.

With a firmer foothold on its markets achieved from the remerchandising, Central took steps early in 1985 to move ahead with its expansion program. One 60,000-sq.-ft. store was opened in St. Peters, Mo., and another shortly thereafter in the Cincinnati suburb of Delhi, Ohio.

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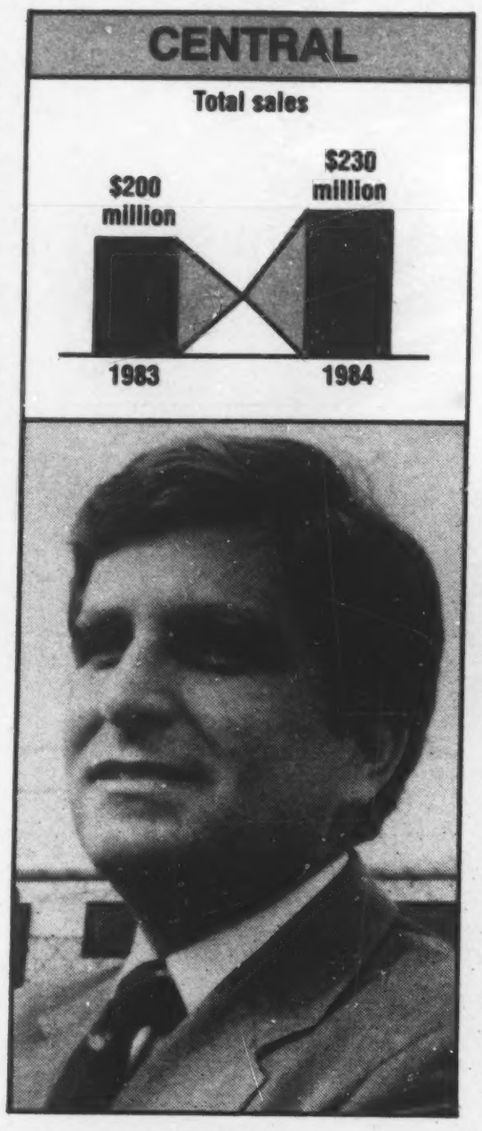
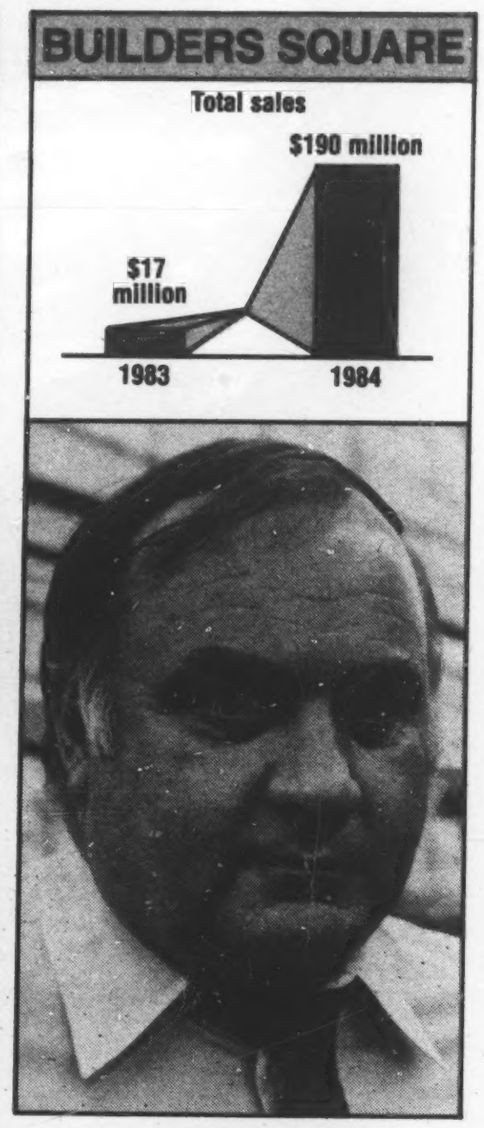


Jim Cohen
Central's president



Frank Denny
Builders Sq. chairman

K mart setting fast growth for Builders Square

SAN ANTONIO — Founded in early 1983 as Home Centers of America and redubbed Builders Square last fall after K mart's acquisition of the then-nine-unit chain, Builders Square is living up to founder Frank Denny's desire for explosive growth.

Sales volume alone jumped to $190 million from $17 million and the unit count tripled from five warehouses to 15 at year-end. An additional 28 units are set to open by the end of 1985 with new markets in Detroit and Los Angeles being targeted as well as additional units in the already settled Illinois and Texas markets.

This amazing expansion pace was fueled by the June 29, 1984, agreement in which K mart paid $11 per share, or approximately $90 million, for Denny's company.

K mart chairman Bernard Fauber later said "We did pay too much for it," referring to Home Centers of America, but he added that there have been no regrets.

K mart, enamored with discount warehouse home center retailing, had attempted a short-lived joint venture with Hechinger Co. earlier in 1984. There was a difference of opinion between the discounter and the Landover, Md.-based home center chain over how a new warehouse entity should be run, and the marriage was called off.

K mart and Home Centers of America, by contrast, hit it off. Less than a month following the actual merger Sept. 26, three, 90,000-sq.-ft. warehouse stores opened in Niles, Elmhurst and Oaklawn, Ill. The stores were called Builders Square.

Before the K mart deal, Home Centers of America had been in the process of changing its store names to Home Warehouse after its original Home-Pro Warehouse name was eliminated to settle a trademark infringement suit.

Following the Chicago-area Builders Square debut, two build-to-suits opened in Houston and a single unit—an ex-K mart—debuted in Tulsa, Okla., all three in November, raising the year-end store count to 15. (Builders Square also has units in San Antonio [four], and one each in the Texas cities of Corpus Christi and Lubbock.) The prototype store is 85,000 sq. ft. but stores range from 65,000 sq. ft. to more than 100,000 sq. ft. Targeted sales volumes at mature stores is in the $17 million to $18 million range.

K mart is using Builders Square as its vehicle for becoming the country's largest warehouse home center operator by 1990. Fauber says there will be at least 125 Builders Squares by the end of the decade.

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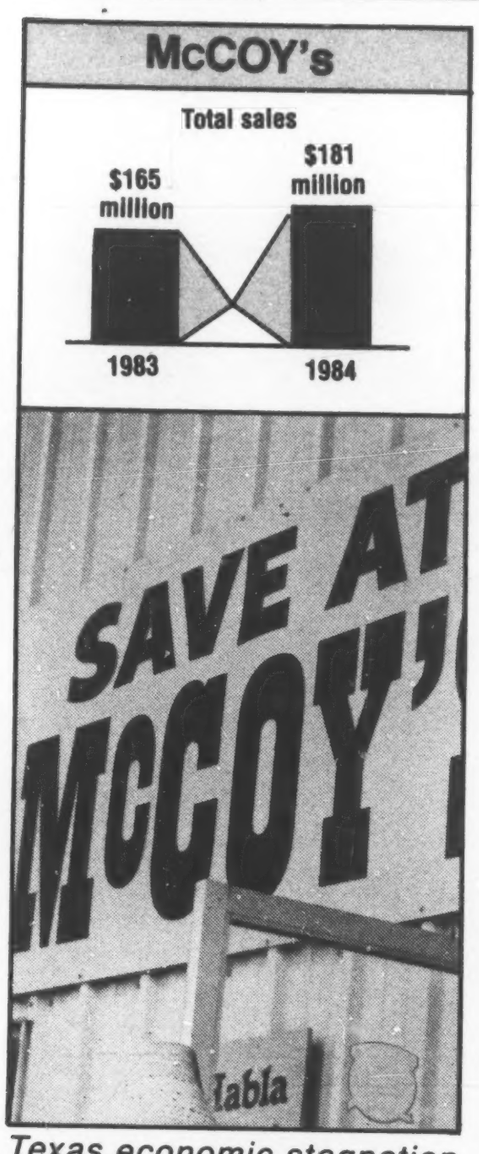


Texas economic stagnation slowed McCoy's growth.

Warehouse units are linchpin in Pergament plan

MELVILLE, N.Y. — Pergament Home Centers took the plunge into warehouse retailing last year, converting five smaller stores to the larger, bulk-goods merchandising concept. The 42-store chain that generated approximately $180 million in sales in 1984 (up 13%) recently opened a sixth warehouse-conversion (in Staten Island, N.Y.); plans on having nine warehouse units by the end of the year, and expects to add at least three more in 1986.

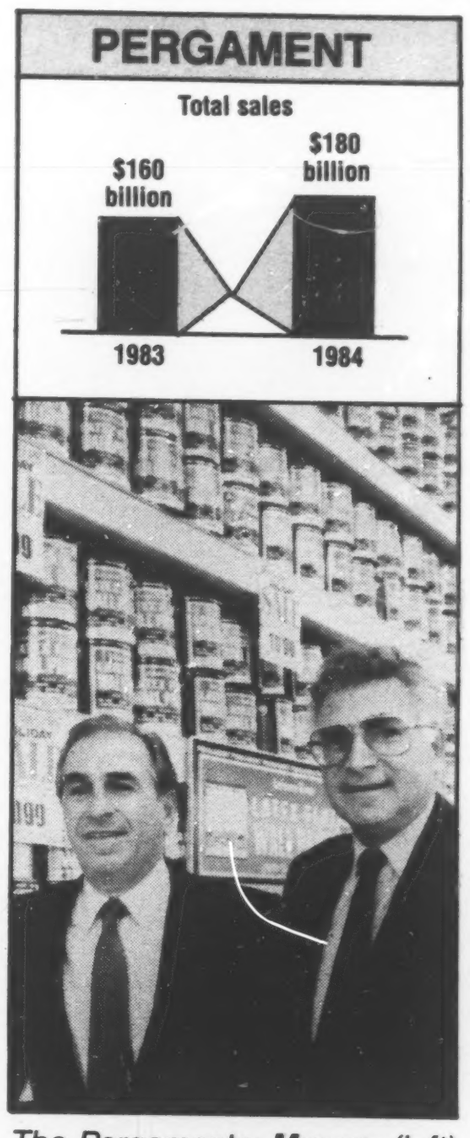
This uncharacteristically heated expansion pace—the company has shown a net gain of just two stores since 1980, based on the *NHCN* industry census of that year—was perhaps nudged by the specter of new warehouse competition in Pergament's home market. In 1983, Grossman's converted three of its Long Island stores to a warehouse format similar to its California Grossman's Building Materials Outlets, but smaller. With the New York Metropolitan Area providing fertile ground for possible expansion for established warehouse operations, such as K mart's Builders Square and Service Merchandise's Mr. HOW Warehouse, Pergament perhaps felt it necessary to nail down sites in a market where attractive and affordable real estate is hard to come by.

The Pergament warehouse outlets, modeled after a prototype unit opened in December along the Queens-Nassau County border line, range in size from 50,000 to 72,000 sq. ft. The average sales floor at the chain's more traditional units is just 25,000 sq. ft.

The chain's expansion will not take place beyond its current New York, Long Island, northern New Jersey and Connecticut markets, according to Pergament vp/gm Martin Pepkin. All future stores will be of the warehouse variety, noted Pepkin.

"We've been in the Long Island market for 50 years. We're the dominant name here in our business," said president Murray Pergament.

It appears that in 1985 warehouse retailing will be the main feature in Pergament's strategy to maintain that position.



*The Pergaments: **Murray** (left) and **Robert**.*

Forest City girds in Chicago for whse attack

CLEVELAND — Attempting to firm up its position in the Chicago market, Forest City spent most of 1984 remerchandising its three units there into warehouse configurations, as well as opening two additional warehouses.

Ultimately, the concentrated effort to bolster its position against the onslaught of K mart's Builder's Square and Service Merchandise's Mr. HOW Warehouse proved unsuccessful, and Forest City pulled out of the market in early 1985. Its five warehouse home centers in Chicago were sold to Mr. HOW.

Despite this frustrating effort, company volume for the chain grew by some 25% during 1984, reaching $160 million for the year. Nearly all of the company's sales are made to consumers. The company ranks 25th on the *NHCN* top 100 chart.

The story of Forest City's bold strategy in the Chicago

(Continued on page 96)

Competition dents McCoy's sales growth

SAN MARCOS, Tex. — Impacted by increased competition in its markets and an overall slowdown in the state's economy and population growth, 58-store McCoy's Building Supply Centers here enjoyed only modest sales gains in 1984.

The company's revenues totaled $181 million last year, a 10% increase over the previous 12 months. McCoy's officials found the chain's stores up against stiffer challenges in 1984, particularly in San Antonio and Houston, where the chain competes against the likes of Handy Dan, Builders Square, Home Depot, Walker-Kurth and a host of other companies.

However, this did not deter McCoy's from continuing its expansion, which began in 1978 when it was only a 20-unit operation. The company opened eight new stores in 1984, most of them 15,000 sq. ft., with 9,300-sq.-ft. warehouses and adjoining outdoor lumberyards.

The company intends to open another eight units this year, which, according to comapny vice president Dennis McCoy, will all be about the size of last year's prototype, and be located in the state of Texas

McCoy's also took steps last year to improve its older, smaller units, as 46 of its stores were completely remodeled in 1984. Generally, this meant repositioning the unit's service counter, and running a center aisle through the store. Prior to the remodeling, the stores usually had two aisles running down each side.

McCoy could not estimate how much this remodeling cost the company, as the extent to which each store was changed varied depending on its size and age.

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Streamlined Great Plains positioned to withstand farm community woes

By Laura Liebeck
NHCN field editor

ST. PAUL, Minn. — When Great Plains Supply Co. closed exactly half its 82 operating units last January, company president John Sellner said the drastic measures were implemented to secure the survival of the farm-directed cooperative in the economically depressed farm communities in which it operates.

In addition to closing 41 units which the company viewed as hopeless,

(Continued on page 129)

Great Plains' president John Sellner: "We are lean and can sustain a few more years of this." NHCN photo

Posner taps financial aide to head Evans' retail group

By John Caulfield
NHCN senior editor

MIAMI BEACH — Jack Koppersmith has been named acting president of Evans Retail, the $1 billion division of Evans Products Co. here, whose reorganization under Chapter 11 continues.

Koppersmith, who at one time was chief financial officer for Revlon, holds the same position with several of the companies controlled by Evan's chairman and financier, Victor Posner. He is expected to retain his financial responsibilities as president of the 349-unit division. Koppersmith was traveling and could not be reached for comment.

He fills the void left by the department last November of longtime Evans Retail president Mike Grossman, who stepped down to pursue his efforts to reacquire the division through a leveraged buy-out (*NHCN*, Dec. 17, 1984).

Grossman's offer is still being evaluated as are several other bids for different parts of the divisions insiders claim have been tendered since Evans' March 11 bankruptcy filing. Their identities, however, have not been made known.

The choice of Koppersmith was greeted with trepidation by some vendors, who see him as a "stand-in" for Posner in the latter's attempt to orchestrate the events leading to reorganization as negotiations continue with vendors and bank lenders over how Evans is run, and how the $752 million in current and long term liabilities owed by the company and its seven subsidiaries in bankruptcy will be paid.

"All I can say about Koppersmith is that, at an informal trade creditors' meeting during the home center show in March, he was very abrasive and, in my opinion, insulting to suppliers," said a manufacturing source familiar with Evans' bankruptcy proceedings. "I don't know how this appointment will affect negotiations."

Koppersmith will find suppliers more receptive toward shipping Evans home centers now

(Continued on page 129)

Industrywide growth surge pauses in 1Q

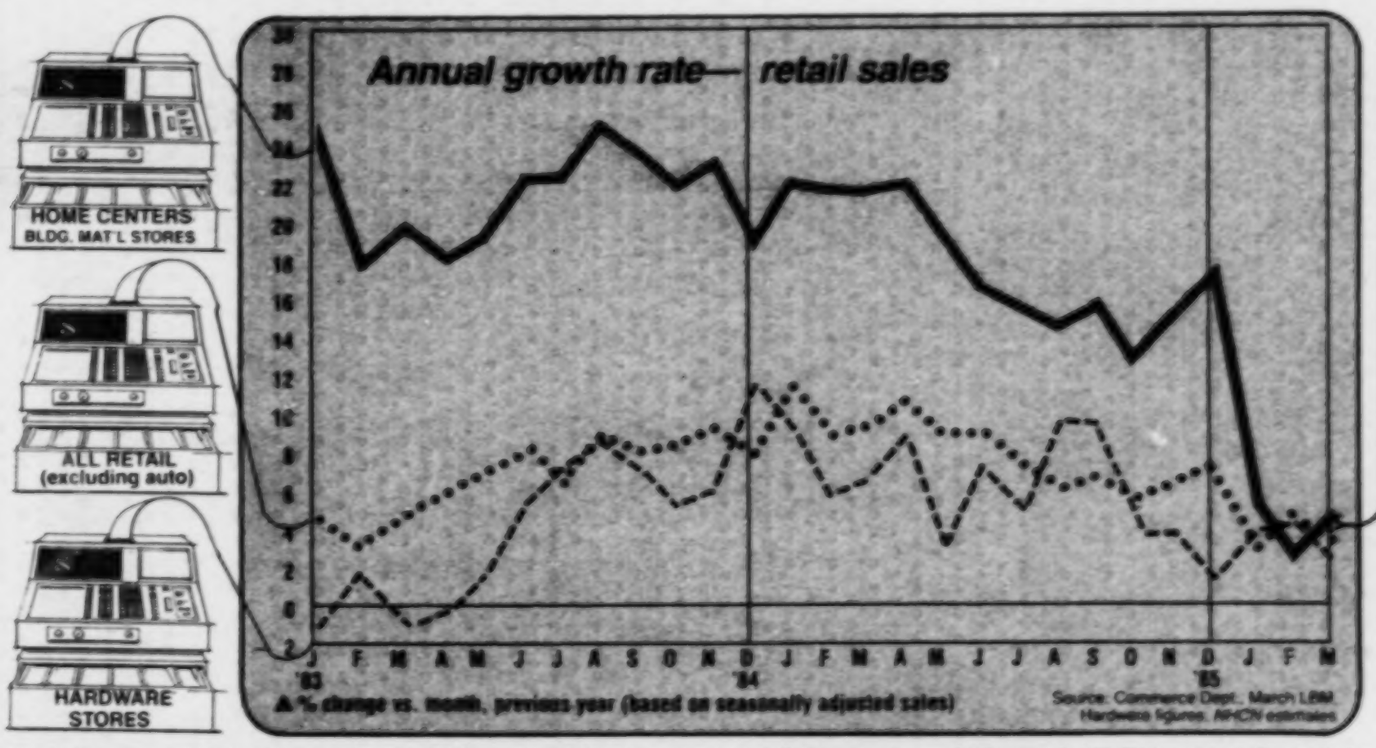
By Wyatt Kash
NHCN Editor

NATIONAL REPORT — The booming retail building supply business took a deep and sudden breath in the first quarter of 1985, following 25 consecutive months of double-digit annual sales increases.

Preliminary estimates for United States building material and supply retailers show the rate of sales increases slumped sharply in the first two months of the year compared to 1984 figures. January sales, adjusted for seasonal, holiday and trading-day variations, were up only 5.5% from the year before, while February sales rose a meager 1.8%. Advanced figures for March indicate sales snapped back, but only to an estimated 7% year-to-date increase.

In contrast, December sales were 16.2% higher than the previous December, capping a year in which total building material and supply store sales (SIC 521,523) rose 17.3%, to a record $49.8 billion *(see accompanying story)*.

(Continued on page 129)


HOME CENTERS
BLDG. MAT'L STORES
ALL RETAIL
(excluding auto)
HARDWARE
STORES
Annual growth rate— retail sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M
'83
'84
'85
% change vs. month, previous year (based on seasonally adjusted sales)
Source: Commerce Dept., March LBM Hardware figures: NHCN estimates

Building material store sales in February failed to grow as fast as all retail stores for the first time since September 1982. Pause in rate followed 17.3% surge in total sales in '84, fueled by growth of nation's top home centers. NHCN chart

TOP 10 1984

Chain	Total Sales (in millions)	% Change
1. Lowe's	$1,689	+18
2. W. R. Grace	1,200	+17
3. Payless Cashways	1,176	+17
4. Evans Products	1,070	+17
5. Wickes Cos.	1,058	+20
6. 84 Lumber	750	+19
7. Sutherland	525	+23
8. Scotty's	440	+10
9. Home Depot	433	+69
10 Hechinger	405	+31
TOTAL TOP 10	8,746	+20

Source: *NHCN* Top 100—Total Sales

Top 10 carry Top 100 to $17B in '84 sales

NATIONAL REPORT — At $1.689 billion in sales, Lowe's Co. in 1984 led the home center industry in total volume. Lowe's has led in total sales since 1982.

The industry's top 100 companies, in sales, generated $17.108 billion during 1984, up 18% from 1983.

And more than half the total volume of the top 100 chains was generated by the top 10, according to the *National Home Center News* Annual Report on the Home Center Industry for 1984.

The concentration of sales power in the top 10 reflects the consolidation now occurring in the home center industry. In fact, five companies, whose sales were recorded in *NHCN*'s Top 100 in 1983, last year appeared as part of larger companies in 1984. These include Somerville Lumber and Hugh M. Woods, now part of Payless Cashways, and Oles, now part of W. R. Grace.

That consolidation has become a fact of industry life is evident from the short history of Bowater Home Centers, Dallas, which has developed into a nine-store chain and then sold to The Home Depot before Bowater even joined the ranks of the Top 100 chains.

Big companies swallowing smaller companies took the place of constructing new stores as a way to grow in 1984, as the net unit count for the industry rose only 2.6% to $4,292. But when chains such as Payless, Lowe's, W. R. Grace or a regional company like Houston's McCoy's put up a new unit, the store was generally much larger than those chains' average store size, and carried considerably more merchandise.

Companies sought to expand existing floor space and build bigger units to counter the explosive growth by the warehouse chains in 1984, and the correlative growth of the warehouse concept in the industry.

Builders Square went from five to 15 units last year, and its sales rose 1,018%; HomeClub's volume went up 600% with the addition of four new 90,000-sq.-ft. units; Mr. HOW Warehouse added 10 stores, equalling 800,000-sq.-ft., to its two existing units within a 90-day period last fall, and its 1984 volume was 247% higher than in 1983.

In addition, a raft of other companies either developed warehouses as part of their overall operations (e.g., Homecrafters Warehouse and W. R. Grace's Home Quarters Warehouse, which opened in early 1985), or experimented with a warehouse-type format in retrofitting their units. A total of 129 warehouses were operated by 19 companies in 1984.

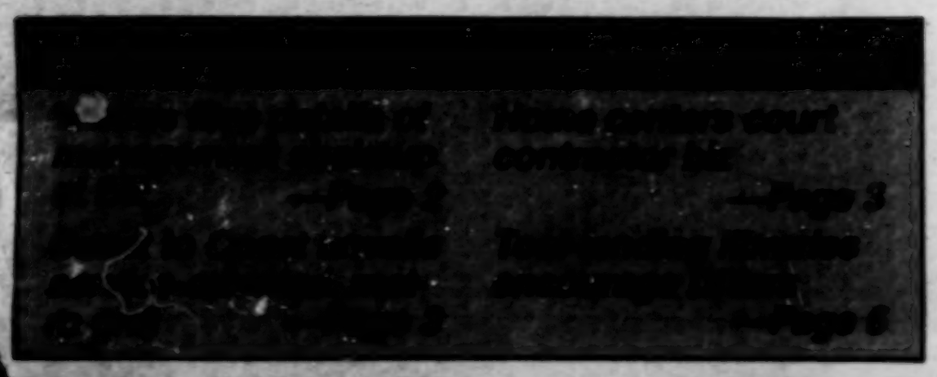
The average size of a unit run by the industry's Top 100 chains, based on the total number of stores divided into total square footage, was 21,433-sq.-ft., which appears to be considerably larger than the average in 1983. A comparable figure for the top 100 in total sales last year is not available, however, the Top 100 chains listed in *NHCN*'s DIY sales chart for 1983 had a per-store average of 19,470 sq. ft.

The industry, as a whole, was divided last year between the haves and have nots. Companies such as Mr. Goodbuys, Edward Hines Lumber, M. G. Building Materials, Stripling Blake, Williams Brothers and Wolf Supply all enjoyed sales gains of 40% or better. And the

(Continued on page 129)

NEWSBREAKS

HANDYMAN TO GO PUBLIC. Edison Brothers of St. Louis voted April 17 to spin off its Handyman home centers into a separate public corporation. Scheduled for this summer, the spinoff will exchange one share of Handyman stock for four Edison shares.



NHCNews Briefs

Industry Update

Steinberg lowers Wickes stake

WASHINGTON — A company controlled by financier Saul Steinberg has lowered its stake in Wickes Cos. to 8.4% from 10.4%, according to a S.E.C. filing.

Steinberg's Reliance Financial Service Corp. said it sold 1.98 million Wickes common shares between April 10 and April 17 at $3.75 to $4.75 a share. Reliance now holds 8.01 million of Wickes' 94 million common shares outstanding.

In March, Reliance announced that it paid $37.9 million for 10 million common shares outstanding, making Reliance the largest Wickes shareholder. Steinberg later contacted Wickes chairman Sanford C. Sigoloff and indicated he was not making a takeover attempt or seeking board representation (*NHCN*, April 22).

In the S.E.C. filing, Reliance did not disclose its reason for lowering its stake in Wickes.

Payless names Stanley chairman

KANSAS CITY, Mo. — Last June, at a security analysts meeting in New York, Payless Cashways president David Stanley jokingly introduced Harold Cohen, of Payless' subsidiary Somerville Lumber, as the only person in the company with the title of chairman.

Not anymore. Stanley was appointed to the additional title of chairman at Payless board of directors meeting that followed the annual shareholder meeting, April 11.

Stanley, a member of Payless' board since 1969, was named president in 1980 and ceo in 1982. Stanley was a vice president of Piper, Jaffray & Hopwood Inc., the Minneapolis brokerage, when he accepted the Payless presidency.

At the annual meeting, Payless shareholders voted to add to the firm's articles of incorporation five amendments that were viewed as antitakeover provisions.

The amendments (*NHCN*, April 8) provided for a board of directors that serves staggered terms; cumulative voting, which potentially increases the clout of minority shareholders and overwhelming shareholder approval, in certain instances, before a merger or takeover can occur.

The other two provisions increased the amount of authorized common and preferred stock.

In addition, at the meeting, all members of the Payless board were approved and all officers were re-elected.

Lowe's announces new offering

NORTH WILKESBORO, N.C. — Lowe's announced a $75 million public note offering April 19. Proceeds from the 11.5% notes have been earmarked for financing the cost of buildings and equipment for new and existing stores, and to fund working capital requirements. Some $21 million will be used to repay short term debt that was incurred when the chain purchased 23 Boise Cascade stores earlier this year (*NHCN*, Feb. 25).

Kidder Peabody and Salomon Brothers are co-managers of the underwriting group that is offering the notes, which are due on April 1, 1995.

In other news, Lowe's moved into its 21st state on March 28 when it opened a 27,000-sq.-ft. unit in Springfield, Mo.

Chase-Pitkin slates reopening

ROCHESTER, N.Y. — Chase-Pitkin scheduled an April 28 grand reopening celebration of its Mount Read Boulevard store in Greece, N.Y., a Rochester suburb.

Formerly a 29,000-sq.-ft. unit, the Mount Read store—which never closed through its renovation period—was enlarged 17,000 sq. ft. to 46,000 sq. ft. It also was given a 15,000-sq.-ft. semienclosed outside selling area for lawn and garden, nursery and building materials.

The company has also scheduled a late June opening for its 12th unit, in the Rochester suburb of Canandaigua.

The new store will include 60,000 sq. ft. of retail floor space plus a 15,000-sq.-ft. outside selling area. This unit, however, is being built with greater emphasis on contractor sales than previous Chase-Pitkin stores.

Fagen's holds grand opening

VERONA, Pa. — Fagen's Inc. held a grand opening celebration April 11 for its 12 home centers which had been split off from Busy Beaver late last year.

The event was supported by a media campaign that had been designed by Mark McCully, the firm's director of advertising, previously with Busy Beaver. Advertising included run of press in 12 newspapers, followed by a series of circulars; two weeks of radio spots on 17 stations, and three days of intensive television advertising on three stations.

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Vol. 11, No. 10 May 6, 1985

Wickes filing gives BE shake-up details

LOS ANGELES — Wickes Cos. recently revealed details surrounding an 83% drop in operating profits and a management shakeup last year at 59-unit Builders Emporium.

The information was provided in an S.E.C. filing that also revealed the compensation top Wickes officials received in 1984.

"During the early months of 1984, Builders Emporium experienced a serious reduction in sales," a Wickes preliminary prospectus dated April 1, 1985, reported. "It was not maintaining adequate inventories and store employee coverage to meet the customer's needs and advertising had been reduced in an attempt to achieve an improvement in short-term profit."

These circumstances triggered an executive-suite shakeup last summer topped by BE president Tony Swies' early retirement. An essentially new management team headed by president Hal Smith was assembled last last year.

"In the early summer of 1984," the document said, "management of Wickes began implementing remedial measures, including the search for a new president. Active participation was necessary by [Wickes] corporate staff in many of the ongoing management activities at Builders Emporium."

In August, senior Wickes vp Bernard Kritzer was named acting president of BE. During the period prior to Smith's arrival, BE launched "aggressive advertising and promotional campaigns to recover market position in the highly competitive industry in which it operates," the S.E.C. document said.

Despite 1984's dive in operating profits, BE posted an 8% sales gain, to $204 million. Trade sources said BE so far this year has rebounded sharp-

(Continued on page 130)

Mr. HOW parent buys catalog chains

NASHVILLE — Service Merchandise, the $1.7 billion parent company of Mr. HOW Warehouse, said it had reached agreements to purchase the H. J. Wilson and the Ellman's catalog showroom chains, for close to $200 million.

"We know definitely that a couple of the locations could be [turned into Mr. HOW stores]," said Ray Zimmerman, chairman of Service. "We are evaluating all of the sites now," to determine which ones can be made into units in the company's rapidly expanding warehouse home center chain.

Zimmerman emphasized, however, that decisions to transform any of the acquired locations into Mr. HOW's would be put off until the first of next year, since the company has already nailed down its expansion sites for 1984.

Service agreed to acquire H. J. Wilson, the $531 million chain of 80 catalog showrooms based in Baton Rouge, La., for a total of $154.5 million in cash. It agreed to acquire Ellman's, an $80 million chain of 11 catalog showrooms based in Smyrna, Ga., for $32.8 million in cash.

Shareholders of over half of the outstanding shares of both target firms have agreed to sell their holdings to Service. Acquisitions of both firms remain subject to the approval of the remaining shareholders. Zimmerman said he expected tender offers of both companies

(Continued on page 130)

David Moss leaves Moss Manufacturing

By Laura Liebeck
NHCN field editor

MIAMI — David Moss, chairman of the board of Moss Manufacturing, resigned his post effective April 11, selling his 50% ownership in the company to his partner Monroe Zalkin.

The parting was a multimillion transaction, said Zalkin, although both men refused to disclose the exact amount.

The two men became partners in the imported ceiling fan, light fixture business seven years ago.

Moss Manufacturing had 1984 sales of $90 million, according to Zalkin, although other estimates put that figure at $76 million.

Moss characterized the separation as a "divorce," saying the dissolution of their partnership was for "personal reasons." Zalkin, however, said the two men had "different business philosophies."

Zalkin will maintain complete ownership of Moss Manufacturing, including the company name and the estimated $25 million debt—the results of growing too big too fast, Zalkin said—and should be completely settled within 60 days. He said he just got "an infusion of capital" to settle the debt, part of which he had already received.

He declined to name the financial sources of the money, its amount and when it was received.

Moss, who said "it was time to go. It was time not to have a partner," will independently pursue his nine-year-old business, World Wide Sales Inc., from his new headquarters in Miami Lakes.

World Wide Sales was the manufacturer's representative for Moss Manufacturing until the partnership was dissolved last month.

(Continued on page 130)

Highlights in this issue

The NHCN Annual Report on the Home Center Industry

1984: The year of consolidation 21
The NHCN Top 100—Total Sales 22, 24, 26
The NHCN Top 100—DIY Sales 28
A 10-year retrospective of the NHCN Top Ten 31
Bare-bones warehouse retailing continues to drive industry 33
The Growth of Warehouse Chains 35
Buying groups sales up; membership levels off 101
The Top Hardware, LBM Buying Groups 101
Warehouses affect wholesalers' business 102
Wholesaler Buying Groups 102

The Top 25 Chains

Boise Cascade 82
Builders Square 91
Carter-Jones 96
Central Hardware 91
Diamond Lumber 83
84 Lumber 79
Ernst 90
Evans Products 77
Forest City 96
W. R. Grace 74
Handyman 85
Hechinger 82
The Home Depot 80
Lanoga 83
Lowe's 74
McCoy's 93
Menard's 89
Payless Cashways 77
Pay 'N Pak 89
Pergament 93
Rickel 83
Scotty's 80
Sutherland 85
West 90
Wickes Cos 78

Index

Calendar 120
Classified 125-127
Editorial 8
Financial News 4, 5
Home Center Trivia 12
Housing Watch 10
Lumber Report 12
New Products 114-116
People 12
Washington View 8

1984: The Year in Merchandising

Building Materials 48
Electricals 69
Hardware 52
Lawn & Garden 45
Lumber 71
Paint 57
Plumbing, Heating & Cooling 60
Hand & Power Tools 64

FINANCIAL NEWS

27 Gainers

2 Unchanged

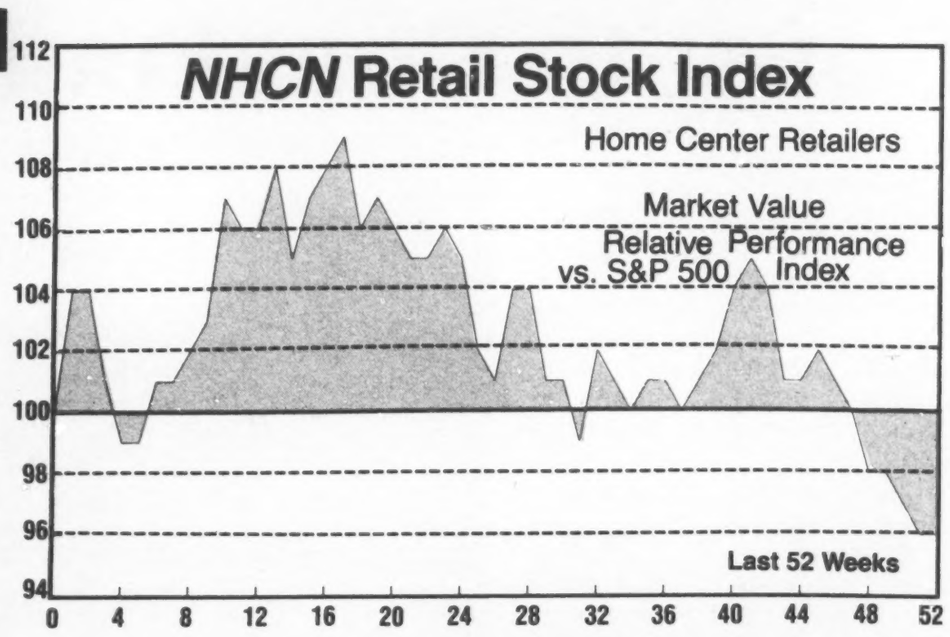
25 Losers

Home center stocks rebounded a bit from four weeks of lackluster performance as gainers edged losers, 27 to 25, with two stocks unchanged for the two-week period ended April 19.

Hechinger B common stock rose 12% to its 52 week high of $28 on 1,073,000 shares traded for the two-week period. Hechinger A increased 9.5% to $26, also a 52 week high, on 1,409,000 shares traded. Boise Cascade stock climbed 11% to $41.75 as the company consolidates its retail building materials segments to concentrate on paper, packaging and office products. Scotts Seaboard, parent of 17-store Scott's based in Linthicum, Md., posted a 10% gain to $1.38 for the two-week period. Home Depot bounced back from a 4.4% drop during the previous period to close at $17.75, a 9.2% gain for the latest period.

On the losing side of the slate, Homecrafters Warehouse continued its downward price slide. The Birmingham, Ala.-based chain backed up a 7.9% decline in the previous period with an 8.6% drop to close the latest period at $8. Evans Products' stock price fell 5.6%, closing on April 19 at $2.13 as the company grapples with reorganization under Chapter 11.

The *NHCN* Retail Stock Index climbed to 96.0, relative to the Standard & Poor's 500 Index, which closed at 181.11, up 0.15% from the previous period.



Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Wickman Ind ..... M	2,880	240.2	1.3
Stanley Works ..... N	7,795	201.0	1.8
Clopay Corp ..... A	326	197.3	- 5.5
Triangle Pac ..... N	3,678	194.8	- 3.4
La Pacific ..... N	8,031	174.1	1.2

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Potlatch Cp ..... N	3,987	6.6	161.6
Supermkts Gen ..... N	4,719	6.3	154.8
Hechinger A ..... M	1,409	9.5	145.1
Owens Corning ..... N	8,522	- 2.3	144.1
Grace W R ..... N	8,411	- .6	111.0

TOP GAINERS

Company & Market	2-Weeks Ended 4-19-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Hechinger B ..... M	28.00	12.0	1,073
Boise Cascade ..... N	41.75	11.0	9,185
Scott Seabd ..... O	1.38	10.0	20
Hechinger A ..... M	26.00	9.5	1,409
Home Depot ..... N	17.75	9.2	8,472

TOP LOSERS

Company & Market	2-Weeks Ended 4-19-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Natl Gypsum ..... N	39.50	- 10.2	3,301
Manville Cp ..... N	7.13	- 9.5	7,066
Homecrafters Whse ..... M	8.00	- 8.6	1,922
SW Forest Ind ..... N	12.63	- 8.2	2,533
Evans Prod ..... N	2.13	- 5.6	1,447

National Home Center News HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: 2-Weeks Ended 4-19-85	Price: 2-Weeks Change Amt.	Price: 2-Weeks Change Pct.	Price: 2-Week Range High	Price: 2-Week Range Low	Price: 52-Week Range High	Price: 52-Week Range Low	Volume: 2-Weeks Shares Traded Total	Volume: 2-Weeks Shares Traded % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-
Retailers																	
Boise Cascade ..... N	41.75	4.13	11.0	42.38	37.63	44.63	32.50	9,185	3.36	1.94	73.2	18.7	1.90	4.6	.....	fiscal	12-84
Color Tile ..... M	16.75	- .75	- 4.3	17.63	16.50	20.00	13.63	2,227	2.42	3.73	- 35.1	11.2	.00	.0	.....	6 mos.	12-84
Edison Bros ..... N	34.38	1.88	5.8	34.75	31.63	39.75	31.50	1,222	1.21	.69	75.4	10.8	1.60	4.7	.....	fiscal	12-84
Erb Lumber ..... O	22.50	.50	2.3	24.13	22.00	22.50	18.00	17	.19	.27	- 29.6	6.9	.00	.0	.....	fiscal	12-84
Evans Prod ..... N	2.13	- .13	- 5.6	2.25	2.00	7.75	1.75	1,447	1.05	1.72	- 39.0	NE	.00a	.0	.....	9 mos.	09-84
Forest City Ent ..... A	20.88	- .13	- .6	20.88	20.38	22.25	15.00	35	.09	.08	12.5	67.3	.15	.7	.....	9 mos.	10-84
Grace W R ..... N	40.38	- .25	- .6	42.75	40.25	44.50	36.50	8,411	1.73	.82	111.0	10.0	2.80	6.9	.....	fiscal	12-84
Hechinger A ..... M	26.00	2.25	9.5	26.00	23.75	26.00	13.50	1,409	2.01	.82	145.1	NA	.16	.6	.....		00-00
Hechinger B ..... M	28.00	3.00	12.0	28.25	24.75	28.00	14.50	1,073	.97	.48	102.1	24.3	.10	.4	.....	fiscal	01-85
Hines Ed Lumber ..... O	39.50	1.50	3.9	40.50	38.25	43.75	32.50	69	.39	.26	50.0	5.1	1.00	2.5	.....	fiscal	12-84
Homecrafters Whse ..... M	8.00	- .75	- 8.6	8.75	7.50	16.25	5.25	1,922	6.81	3.53	92.9	38.1	.00	.0	.....	fiscal	10-84
Home Depot ..... N	17.75	1.50	9.2	18.50	15.75	27.88	12.00	8,472	3.39	1.96	73.0	31.7	.00	.0	.....	fiscal	01-85
K mart Cp ..... N	34.25	1.00	3.0	34.38	32.38	41.50	27.13	45,827	3.67	2.14	71.5	8.9	1.24	3.6	NEW	fiscal	01-85
Lowe's Cos ..... N	26.75	.38	1.4	26.88	25.63	30.00	16.25	3,141	.87	.90	- 3.3	15.7	.36	1.3	.....	fiscal	01-85
Mich General ..... A	6.50	- .25	- 3.7	6.88	6.00	8.50	4.63	1,481	1.31	1.00	31.0	14.1	.00	.0	.....	fiscal	12-84
Natl Lumber ..... M	5.50	.25	4.8	6.00	5.00	7.50	4.50	573	1.02	.57	78.9	22.9	.00	.0	.....	fiscal	12-84
Pay N Pak ..... N	13.13	.25	1.9	13.38	12.75	17.50	11.50	1,612	1.61	1.47	9.5	11.6	.60	4.6	.....	9 mos.	11-84
Payless Cash ..... N	19.25	- .38	- 1.9	19.75	19.00	21.25	13.50	4,581	1.33	2.03	- 34.5	17.3	.16	.8	.....	3 mos.	02-85
Scott Seabd ..... O	1.38	.13	10.0	1.75	1.25	3.00	1.00	20	.11	.09	22.2	13.8	.00	.0	NEW	fiscal	01-85
Scotty's Inc ..... N	13.75	- .63	- 4.3	14.50	13.50	16.38	11.38	1,013	.76	.57	33.3	9.9	.52	3.8	.....	6 mos.	12-84
Sears, Roebuck ..... N	32.38	- 1.13	- 3.4	33.75	32.25	37.63	29.75	56,728	1.57	.76	106.6	8.1	1.76	5.4	NEW	fiscal	12-84
SW Forest Ind ..... N	12.63	- 1.13	- 8.2	14.00	12.00	22.13	12.00	2,533	2.73	1.35	102.2	15.2	.00	.0	.....	fiscal	12-84
Std Brd Prd ..... N	20.50	.38	1.9	20.88	19.75	21.25	16.50	3,558	3.19	1.92	66.1	11.0	.54	2.6	NEW	fiscal	01-85
Supermkts Gen ..... N	40.25	2.38	6.3	40.25	37.75	40.25	19.75	4,719	2.65	1.04	154.8	13.6	.42	1.0	.....	fiscal	01-85
Wickman Lumber ..... M	6.25	.00	.0	6.50	6.13	7.00	4.00	1,153	1.97	1.18	66.9	13.9	.16	2.6	.....	fiscal	12-84
Wholesalers																	
Lewis Palmer ..... M	8.63	.13	1.5	9.13	8.13	9.75	7.09	501	1.34	1.39	- 3.6	13.3	.28b	3.2	.....	6 mos.	07-84
Manufacturers																	
Allegheny Int ..... N	27.00	- .13	- .5	27.13	26.88	28.75	18.75	1,349	1.28	1.00	28.0	NE	1.40	5.2	.....	fiscal	12-84
Am Standard ..... N	28.75	- .63	- 2.1	30.63	27.75	35.38	22.88	6,465	1.66	.98	69.4	9.4	1.60	5.6	.....	fiscal	12-84
Armstrng Wrld ..... N	34.25	1.50	4.6	35.25	32.13	38.00	22.88	7,185	3.01	1.61	87.0	9.0	1.20	3.5	.....	fiscal	12-84
Black & Decker ..... N	21.25	- .13	- .6	21.50	21.00	26.88	17.25	14,755	2.93	1.84	59.2	10.8	.64	3.0	.....	3 mos.	12-84
Certain-teed ..... N	23.63	1.13	5.0	24.50	22.63	27.13	15.75	1,661	.88	.78	12.8	11.1	.70	3.0	NEW	3 mos.	03-85
Champ Intl ..... N	21.25	.25	1.2	21.63	20.00	26.75	16.88	26,108	2.82	1.51	86.8	NE	.40	1.9	.....	fiscal	12-84
Clopay Corp ..... A	26.00	- 1.50	- 5.5	27.38	24.63	27.75	13.63	326	2.71	.91	197.8	12.9	.16	.6	.....	fiscal	12-84
DeSoto Inc ..... N	33.75	- .13	- .4	33.75	32.00	37.88	26.75	393	.83	.46	80.4	11.0	1.40	4.1	NEW	3 mos.	03-85
Ethart Corp ..... N	28.13	- .75	- 2.6	29.25	28.00	32.25	24.53	2,242	.81	.59	37.3	8.6	1.40b	5.0	.....	fiscal	12-84
Georgia-Pacific ..... N	23.13	.50	2.2	23.75	22.00	27.38	18.00	22,069	2.15	1.43	50.3	23.8	.80	3.5	NEW	fiscal	12-84
Insilco Corp ..... N	18.88	- .38	- 1.9	19.63	18.75	20.72	13.31	1,973	1.11	.65	70.8	10.4	1.00b	5.3	.....	fiscal	12-84
La Pacific ..... N	20.38	.25	1.2	21.38	19.50	24.75	16.50	8,031	2.33	.85	174.1	16.6	.78b	3.8	.....	fiscal	12-84
Macmillin Bldel ..... N	18.63	.00	.0	18.88	18.50	23.97	16.84	271	.09	.05	80.0	NE	.00a	.0	NEW	fiscal	12-84
Manville Cp ..... N	7.13	- .75	- 9.5	8.13	6.88	11.25	5.50	7,066	2.94	2.38	23.5	3.3	.00	.0	.....	fiscal	12-84
Masco Corp ..... N	29.25	.25	.9	30.25	28.63	33.50	22.50	5,614	.99	.60	65.0	14.6	.56	1.9	.....	fiscal	12-84
Natl Gypsum ..... N	39.50	- 4.50	- 10.2	44.63	39.50	45.25	27.00	3,301	2.12	1.48	43.2	5.8	2.00	5.1	.....	fiscal	12-84
Newell Cos ..... N	15.88	- .63	- 3.8	16.75	15.38	19.00	13.25	331	.39	.43	- 9.3	9.8	.50	3.1	.....	fiscal	12-84
Owens Corning ..... N	31.50	- .75	- 2.3	32.88	30.75	37.00	25.13	8,522	2.88	1.18	144.1	7.6	1.40	4.4	NEW	3 mos.	03-85
Pope & Talbot ..... N	19.25	- .25	- 1.3	19.75	18.63	20.00	15.00	260	.43	.32	34.4	NE	.80	4.2	NEW	fiscal	12-84
Potlatch Cp ..... N	34.25	2.13	6.6	34.88	31.75	38.13	25.75	3,987	2.59	.99	161.6	12.2	1.56	4.6	.....	fiscal	12-84
Sherwin-Wms ..... N	34.00	1.50	4.6	34.25	31.50	35.25	24.00	3,922	1.74	1.05	65.7	12.0	.92	2.7	.....	fiscal	12-84
Stanley Works ..... N	28.13	.50	1.8	29.25	27.63	30.38	19.50	7,795	2.89	.96	201.0	10.8	.96	3.4	.....	fiscal	12-84
Thos Inds ..... N	16.38	.25	1.6	16.38	15.88	18.88	12.38	169	.20	.25	- 20.0	8.8	.62b	3.8	.....	fiscal	12-84
Triangle Pac ..... N	28.00	- 1.00	- 3.4	28.88	27.00	31.25	20.75	3,678	9.05	3.97	194.8	8.5	1.00	3.6	.....	fiscal	12-84
USG Corp ..... N	32.13	- 1.63	- 4.8	35.50	32.00	35.63	22.50	8,191	2.48	1.76	40.9	5.7	1.68	5.2	.....	fiscal	12-84
Walter, Jim ..... N	32.50	- 1.13	- 3.3	34.50	32.50	37.00	22.00	3,780	1.74	1.35	28.9	6.7	1.40	4.3	.....	6 mos.	02-85
Wickman Ind ..... M	9.63	.13	1.3	10.00	9.25	12.69	2.91	2,880	11.33	3.33	240.2	13.4	.08	.8	.....	6 mos.	12-84
Weyerhaeuser ..... N	28.88	.88	3.1	29.38	27.50	34.00	25.00	21,459	1.65	.88	87.5	19.0	1.30	4.5	.....	fiscal	12-84

Company and Market	Financial Update: Latest Quarter Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.	Year-to-Date Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.
-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers												
Boise Cascade ..... N	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile ..... M	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros ..... N	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	- 32.7	3.19	- 29.3
Erb Lumber ..... O	36.5	10.6	.8	NE	.98	NE	150.1	11.0	2.9	38.1	3.27	42.8
Evans Prod ..... N	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent ..... A	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R ..... N	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A ..... M	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	20.9	29.0	1.15	27.8
Hines Ed Lumber ..... O	68.4	10.3	8.8	2833.3	6.44	3477.8	280.8	12.5	11.1	516.7	7.74	651.5
Homecrafters Whse ..... M	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot ..... N	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp ..... N	6875.5	21.6	204.3	- 17.8	1.57	- 17.8	21095.9	13.4	499.1	1.4	3.84	1.1
Lowe's Cos ..... N	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General ..... A	105.1	- 7.0	.6	NC	.04	NE	449.4	134.1	5.4	63.6	.46	24.3
Natl Lumber ..... M	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak ..... N	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash ..... N	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd ..... O	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc ..... N	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck ..... N	11468.1	5.6	563.1	- 3.4	1.54	- 6.7	39177.4	8.7	1454.8	8.4	4.01	5.5
SW Forest Ind ..... N	189.9	47.3	.9	NE	(.06)	NE	777.4	22.2	14.0	NE	.83	NE
Std Brd Prd ..... N	70.7	6.0	4.5	36.4	.40	33.3	314.9	6.1	20.8	11.8	1.87	11.3
Supermkts Gen ..... N	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wickman Lumber ..... M	36.2	27.0	.8	300.0	.14	250.0	139.2	23.8	2.6	100.0	.45	95.7
Wholesalers												
Lewis Palmer ..... M	40.3	19.9	.5	- 16.7	.15	- 21.1	69.4	17.0	.8	14.3	.25	- 7.4
Manufacturers												
Allegheny Int ..... N	354.1	- 44.0	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard ..... N	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld ..... N	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker ..... N	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed ..... N	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl ..... N	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp ..... A	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc ..... N	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Ethart Corp ..... N	448.2	.7	25.6	- 10.5	.69	- 33.0	1794.5	6.5	90.4	7.2	3.27	6.9
Georgia-Pacific ..... N	1766.0	7.6	(233.0)	- 100.0	(.74)	- 100.0	6682.0	3.3	(15.0)	- 100.0	.97	.0
Insilco Corp ..... N	180.9	12.1	7.3	5.8	.40	5.3	786.9	16.7	33.0	- 3.8	1.82	- 4.2
La Pacific ..... N	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
Macmillin Bldel ..... N	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp ..... N	472.6	9.6	18.2	1416.7	.50	NE	1873.5	8.3	77.2	14.9	2.18	23.9
Masco Corp ..... N	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum ..... N	429.2	38.7	25.2	37.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos ..... N	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning ..... N	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot ..... N	78.9	6.2	(4.7)	- 100.0	(.79)	- 100.0	320.0	11.9	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp ..... N	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms ..... N	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works ..... N	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds ..... N	77.1	30.7	3.9	11.4	.46	12.2	291.7	31.4	15.9	39.5	1.87	29.0
Triangle Pac ..... N	63.1	7.5	2.9	.0	.71	1.4	270.6	19.8	13.6	19.3	3.30	17.9
USG Corp ..... N	610.6	40.1	41.8	47.7	1.24	47.6	2318.6	43.9	187.1	133.0	5.64	136.0
Walter, Jim ..... N	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Wickman Ind ..... M	20.4	121.7	.5	150.0	.20	233.3	40.9	109.7	1.2	200.0	.47	213.3
Weyerhaeuser ..... N	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

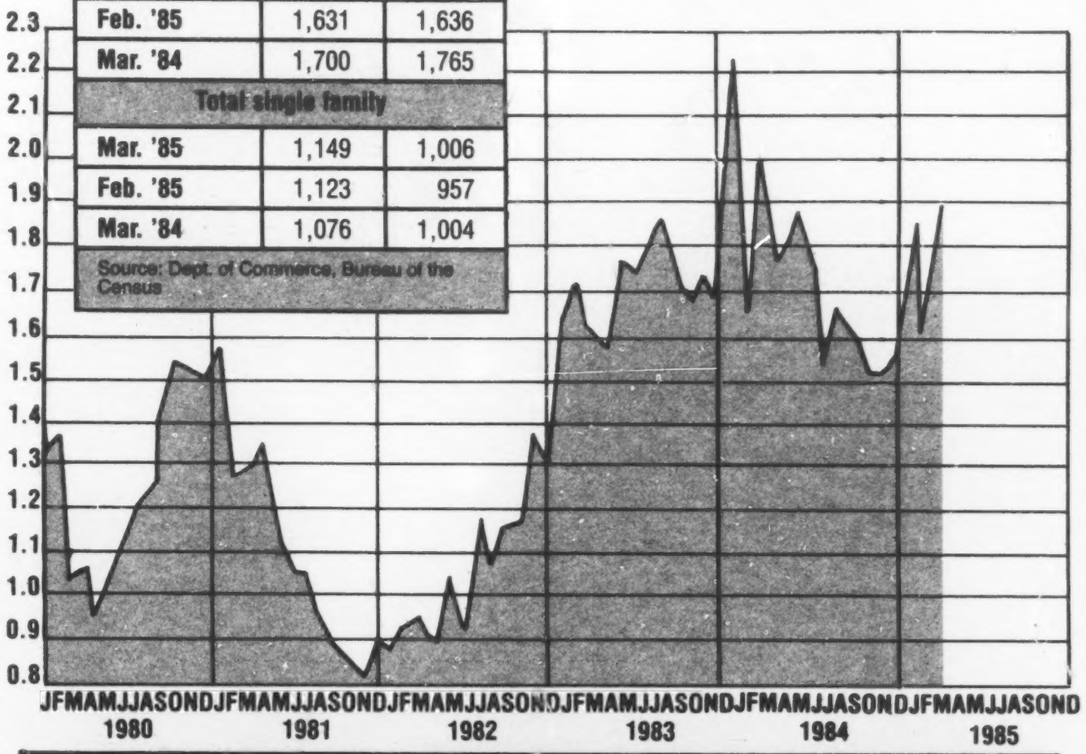
HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
Mar. '85	1,895	1,814
Feb. '85	1,631	1,636
Mar. '84	1,700	1,765
Total single family		
Mar. '85	1,149	1,006
Feb. '85	1,123	957
Mar. '84	1,076	1,004

Source: Dept. of Commerce, Bureau of the Census

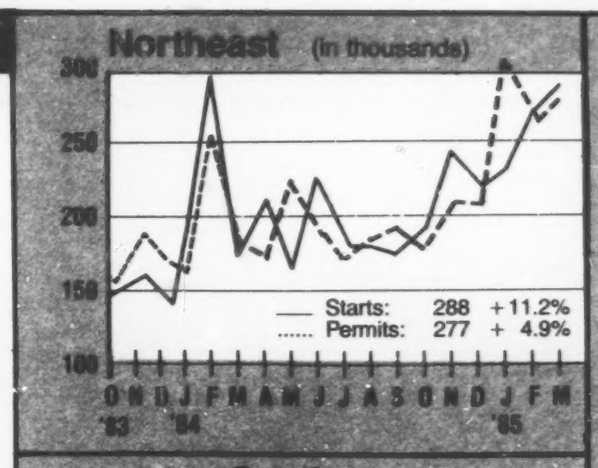
U.S. housing starts

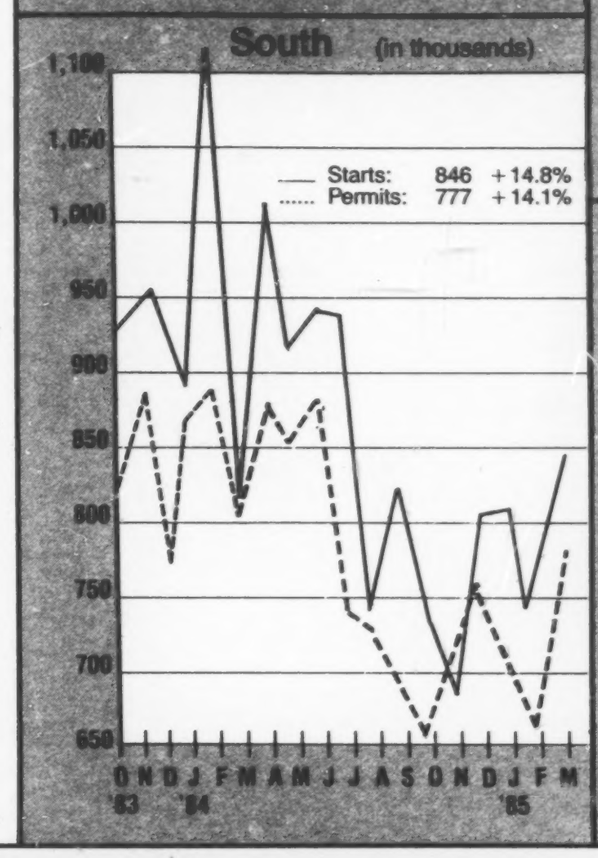
Seasonally adjusted annual rates

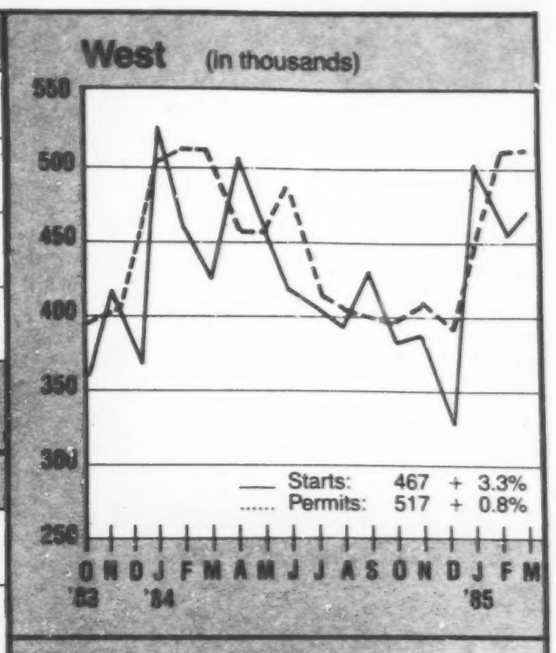


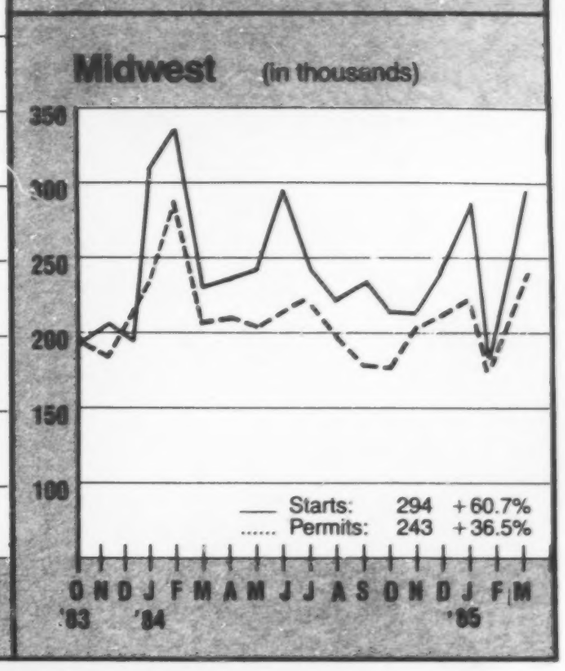
Housing starts jumped 16.3% in March to 1.89 million units, seasonally adjusted, according to the Dept. of Commerce, the highest level for 11 months. This follows a slow February when revised figures show 1.63 million units were started, an 11.8% drop from January.

Weather improved in March, spurring building activity and multifamily construction soared 46.9% from February to March.









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March starts climb by 16.2%

NATIONAL REPORT — Housing construction rose by 16.2% in March to a seasonally adjusted rate of 1.89 million units, according to the Dept. of Commerce. This was the highest level since April 1984 when 1.94 million units were started.

The March boom in construction follows a slow February when poor weather halted building activity. Revised figures show an 11.8% fall in starts in February from the previous month, to 1.63 million units, seasonally adjusted.

Although part of the improvement in March's housing starts was due to good building weather, multifamily building accounted for most of the change as builders concentrated on rental construction before the expected tax changes.

Multifamily building increased by 46.9% from February to March when 746,000 multifamily units were begun. Whereas single-family building remained almost the same rising by 2.3% from the previous month to 1.14 million units.

"Multifamily building showed great strength in March," said Gopal Ahluwalia, senior economist at the National Assn. of Home Builders. "Many people still cannot afford housing and rental apartments are in great demand particularly in areas of good employment like the Midwest and Northeast."

Although all regions experienced an increase in building activity, the first time since April 1984, the greatest increase, 60.7%, came in the Midwest which rose from 177,000 units, seasonally adjusted, in February to 294,000 units in March. By far the greatest part of this increase was due to multifamily building, which, for the first quarter of 1985, represented 37.5% of all housing constructed compared with 25.7% in the same quarter last year.

The Northeast is another area where multifamily construction is booming, particularly in New England, an area of high tech industries and growing population. Here house prices have sharply increased in recent months and young people cannot afford, or chose not to buy, single family housing.

LUMBER REPORT

NLBMDA meeting focuses on growing deficit

By Linda Breggin
NHCN Washington Correspondent

WASHINGTON — Widespread concern over the deepening Federal budget deficit peppered an often heated debate over key Reagan Administration spending cuts during the recent National Lumber and Building Material Dealers Assn. annual "Conference with Congress" in Washington.

Although the majority of NLBMDA dealers ultimately "voted" to oppose Treasury Department proposals to reduce Government programs that promote housing construction, a surprisingly large share of the delegates to this year's Capitol Hill conference, March 19 to 21, called on the association to look beyond special interest considerations and support Administration budget cuts even if they hurt.

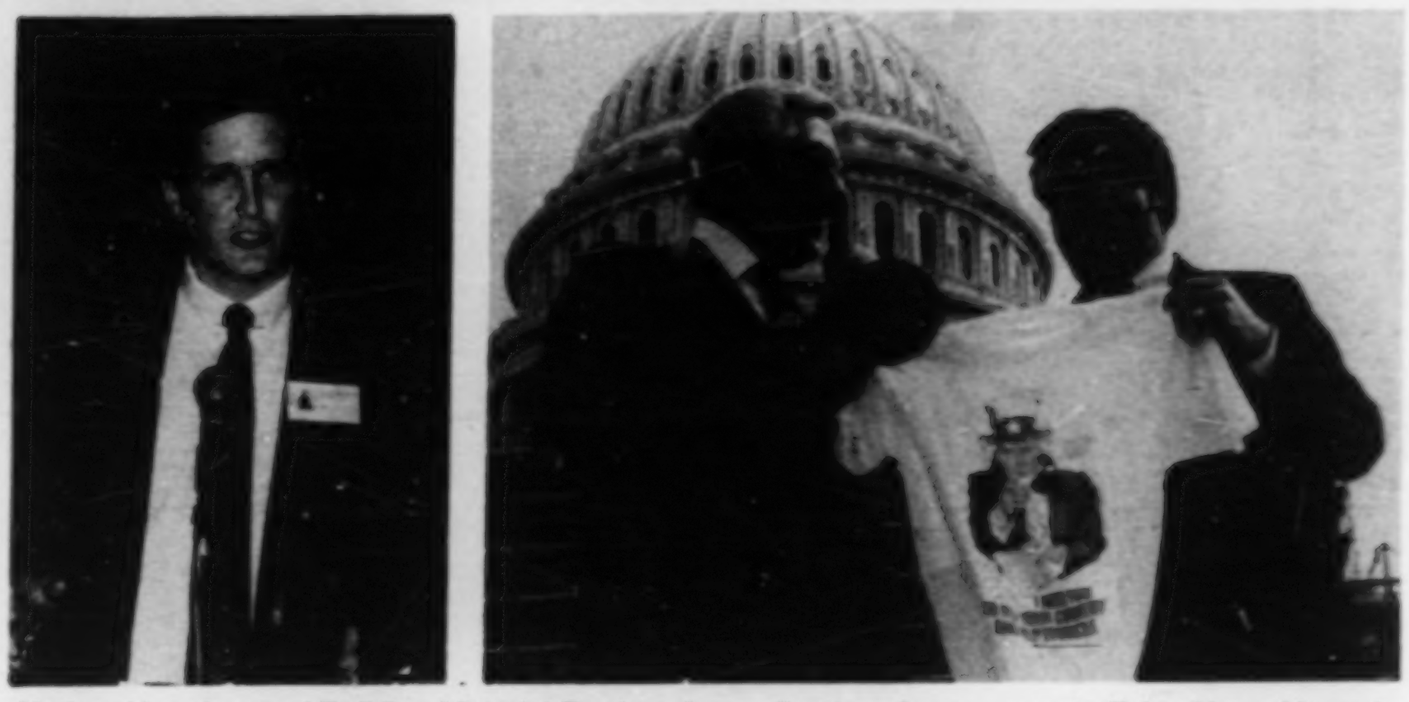
Virginia building materials dealer Howard Luck, for one, urged NLBMDA members not to send a mixed signal to their Congressmen and Senators.

"Our one and only message to Congress should be that we absolutely have to do something about reducing expenditures," he said.

Similar dealer sentiments surfaced repeatedly during a "mock debate" between NLBMDA executive vp John Martin and government affairs director Harry Horrocks, who took turns presenting "pro and con" arguments on controversial Administration proposals to trim Federal spending programs.

Even though most of the Treasury plans to reduce spending in housing-related areas drew opposition from the bulk of the NLBMDA delegates, many dealers at the conference expressed almost across-the-board support for the Administration's budget restraint proposals.

Over one-third of the dealers voted in favor of Treasury's plan to eliminate Federal mortgage revenue bond subsidies despite Horrock's prediction that such a move could affect some 200,000 housing starts annually.



National Lumber and Building Material Dealers Assn. director of government affairs, Harry Horrocks (left), makes a point during mock debates that explored spending reduction proposals. J. P. Bolduc, president of Citizens Against Waste, presents an antiwaste T-shirt to John Martin, executive vp of the NLBMDA, during the group's recent conference with Congress (right).

Horrocks—whose role on this issue was to present the case against the Administration's proposal—underscored the importance of these bonds to the housing construction industry by noting that "the bond program financed about 6% of all new home sales" during the 12-month period ending last July.

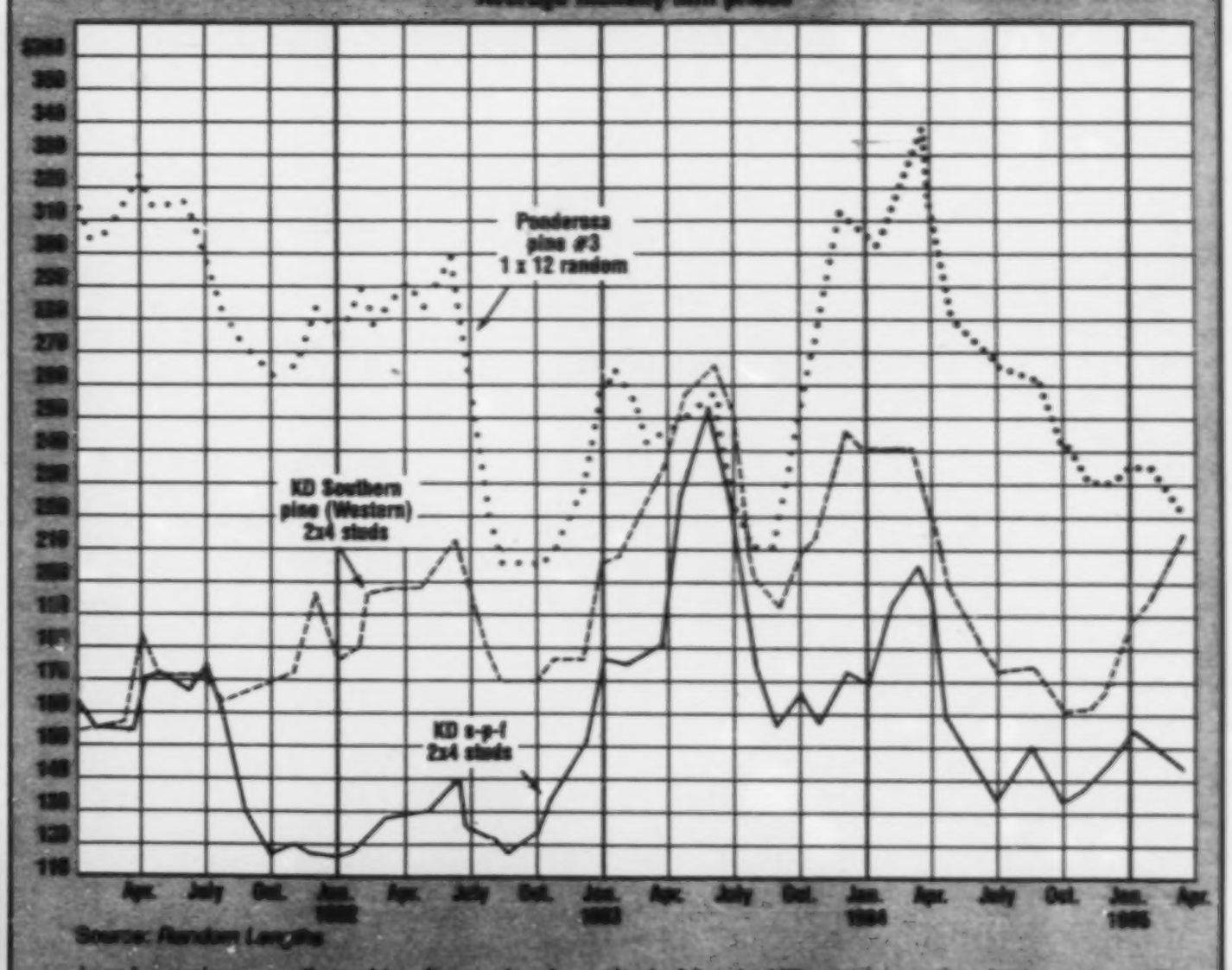
Martin—who was assigned the Treasury Department's side on this issue—hammered away at the impact of these subsidies on the deficit. Noting that "the mortgage bond program is estimated to cause a loss of $498 million of tax revenues," he warned the dealers that "this figure rises to $1 billion per year by 1989."

Other common criticisms of

(Continued on page 121)

Commodity close-up: Studs & boards

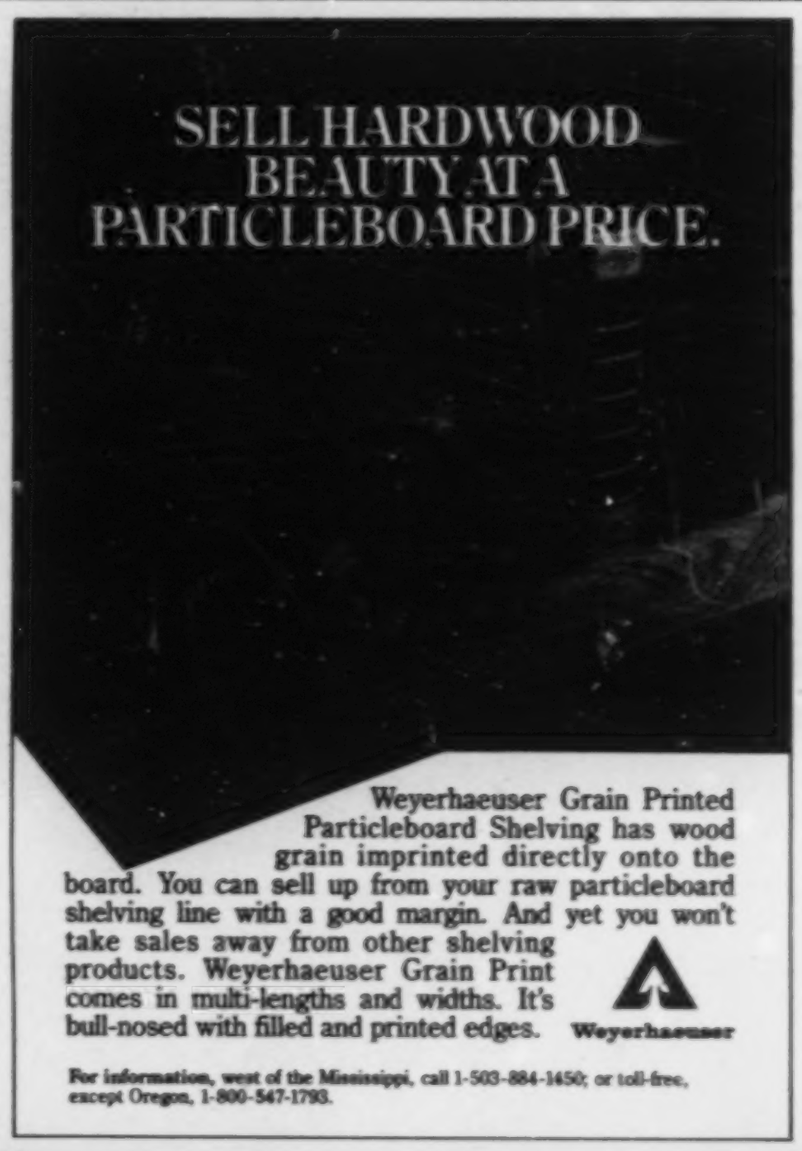
Average monthly mill prices


Ponderosa pine #3 1 x 12 random
KD Southern pine (Western) 2x4 studs
KD s-p-f 2x4 studs
Apr. July Oct. Jan. 1982 Apr. July Oct. Jan. 1983 Apr. July Oct. Jan. 1984 Apr. July Oct. Jan. 1985 Apr.

Source: *Random Lengths*

Lumber prices continued to show mixed results in March. KD southern pine (western) continued its climb to $212 per thousand board feet, up from February's figure of $194.

A thousand board feet of s-p-f studs fell again, to $146 in March, off from February's $157 price. Ponderosa pine #3 1X12's declined sharply, to $221 per thousand board feet. In February, the ponderosa pine boards were at $258 per thousand board feet.



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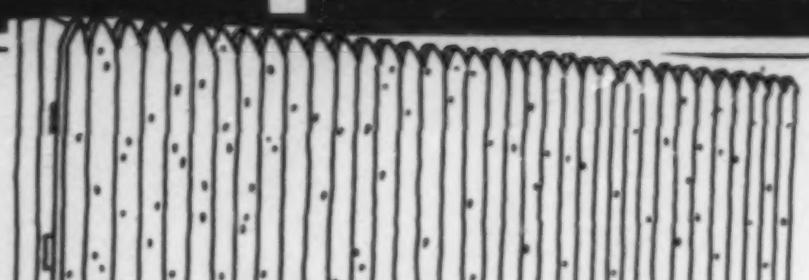

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National Home Center News

THE NHCN ANNUAL REPORT ON THE HOME CENTER INDUSTRY

1984: Consolidation grips a vibrant industry

By John Caulfield
NHCN Senior Editor

NATIONAL REPORT — It was the Year of "The Big Paper Shuffle" for a very vibrant home center industry in 1984.

Few, if any, new companies were started out last year, but quite a number of established chains and independents changed hands, as consolidation was rampant and lawyers may have been as busy as merchandisers. The big companies just got bigger; warehouses became more dominant; the Frost Belt was discovered, and the face of the industry was altered radically by the entry of two of retailings' more prominent names.

K mart's plunge sends ripples

K mart's $90 million merger with Home Centers of America, now Builders Square, could turn out to be one of the most significant events in the industry's short history. The entry of the nation's second largest retailer into the home improvement business further validates the industry as an investment vehicle. K mart's financial clout, allowing it to expand Builders Square virtually at will, should also have an impact on when, where and by how many stores other dealers expand their own chains.

To a lesser degree, the same is true of Service Merchandise's expansion of the Mr. HOW Warehouse chain it acquired in 1983. It took Mr. HOW from 2 to 12 units in less than 90 days late last year. Early in 1985 the chain bought five Forest City warehouse units in Chicago for $12 million. Service will open another 28 Mr. HOW's this year, and the only thing in the way of more explosive growth is the volatility of the chain's corporate management of late.

With two heavy hitters looking to divide and conquer the industry, several other home centers took the offensive with consolidating tactics of their own. Home Depot spent $40 million for seven Bowater units and immediately put itself on the map in Dallas. Lowe's, the industry's largest company in total sales, made its first major acquisition when it bought 27 Sunbelt Boise Cascade units for $50 million. And, W. R. Grace dug into its pockets to come up with the $40 million needed to merge the 35-unit Ole's Home Centers into its Western Region in southern California.

Further evidence of this industry consolidation was Payless Cashway's completing its $71 million purchase of 14 Prime Home Improvement Centers in Denver, and its $40 million pur-

(Continued on page 26)

THE NHCN TOP 100 TOTAL SALES

RANK '84	RANK '83	COMPANIES	TOTAL SALES (million $) 1984	TOTAL SALES (million $) 1983	% Change	DIY SALES (million $) 1984	DIY SALES (million $) 1983	% Change	% DIY '84	% DIY '83	STORES '84	STORES '83	STORES '85 (proj.)	1984 SELLING AREA (thousand sq. ft.) Store avg.	1984 SELLING AREA (thousand sq. ft.) Chain total
1	1	**Lowe's,** No. Wilkesboro, N.C. Sku's: 12K avg./19K total; 10,727 employees	**$1,689**	$1,431	+ 18	**878**	729	+ 22	**52**	51	**248**	238	270	12	2,980
2	2	**W. R. Grace,** New York, 17,000 employees (Including Grace West; Angels, Cashway, Oles, Handy Dan, Denver and West Texas; Central Region: Handy City, Handy Dan and House Works; Channel, Orchard Supply)[1] Sku's: 30K avg./30K total; 17,000 employees. Includes:	**1,200**	1,025	+ 17	**1,140**	974	+ 17	**95**	95	**324**	286	NA	20-60	12,960
		Central Region, San Antonio	400	381	+ 5	400	381	+ 5	100	100	114	131	NA	NA	NA
		Channel, Whippany, N.J.	395	325	+ 22	395	325	+ 22	100	100	101	98	NA	NA	NA
		Grace West, Pasadena, Calif.	243	194	+ 25	230	184	+ 25	95	95	89	39	NA	NA	NA
		Orchard Supply, San Jose, Calif.	152	125	+ 22	114	94	22	75	75	18	18	21	NA	NA
3	4	**Payless Cashways,** Kansas City, Mo. (Including Payless Cashways, Furrow's Building Materials, Prime Home Improvement Centers, Lumberjack Stores, Wood Bros., Somerville Lumber)[2] Sku's: 13.5K avg./20K total; 12,490 employees	**1,176**	1,007	+ 17	**1,058**	957	+ 10	**90**	95	**157**	134	171	27	4,000
		Somerville Lumber, Somerville, Mass. Sku's: 42K; 650 employees	62	47	+ 32	53	40	+ 33	85	85	3	2	4	34-56	126
4	3	**Evans Products,** Miami (Including Alamo Enterprises, Grossman's, Hubbard & Johnson, Lindsley, Moore's)	**1,070**	928	+ 15	**909**	790	+ 15	**85**	85	**349**	345	NA	16-55	7,400
		Alamo Enterprises, San Antonio	40	45	– 11	34	37	– 8	85	85	9	9	NA	NA	NA
		Grossman's, Braintree, Mass.	520	413	+ 26	478	380	+ 26	92	92	178	175	NA	NA	NA
		Grossman's West and Hubbard & Johnson, San Carlos, Calif.	139	125	+ 11	97	90	+ 8	70	70	30	30	NA	NA	NA
		Lindsley, Miami	130	155	– 16	130	155	– 16	100	100	43	43	NA	NA	NA
		Moore's, Roanoke, Va.	250	187	+ 34	170	127	+ 34	68	68	89	88	NA	NA	NA
5	5	**Wickes Cos.,** Santa Monica, Calif. (Including Builders Emporium, Irvine, Calif. and Wickes Lumber, Chicago)	**1,058**	877	+ 20	**605**	540	+ 12	**57**	61	**271**	282	NA	15	3,973
		Wickes Lumber, Vernon Hills, Ill.	853	688	+ 24	401	310	+ 14	47	51	212	226	NA	9	1,908
		Builders Emporium, Irvine, Calif. Sku's: 20K avg./20K total	204	189	+ 8	204	189	+ 8	100	100	59	56	63	35	2,065
6	6	**84 Lumber,** Eighty-Four, Pa. Sku's: 4K avg./4K total	**750**	630	+ 19	**451**	378	+ 19	**60**	60	**365**	374	NA	20	7,300
7	8	**Sutherland,** Kansas City, Mo. (Including House Mart) Sku's: 10K avg./12K total; 2,750 employees	**525**	426	+ 23	**525**	426	+ 23	**100**	100	**85**	82	89	14-30	1,700
8	9	**Scotty's,** Winter Haven, Fla.[3] Sku's: 9K avg./12.5K total; 5,000 employees	**440**	399	+ 10	**286**	271	+ 6	**65**	68	**110**	105	118	30-35	3,977
9	14	**The Home Depot,** Atlanta[4] Sku's: 25K avg./25K total; 4,000 employees	**433**	256	+ 69	**433**	256	+ 69	**100**	100	**31**	19	46	80	2,480
10	10	**Hechinger,** Landover, Md. Sku's: 40 avg./40 total; 5,000 employees	**405**	310	+ 31	**405**	310	+ 31	**100**	100	**44**	41	54	60	2,640
11	7	**Boise Cascade,** Boise, Idaho[5] Sku's: 10-12K avg./35K total	**390**	440	– 11	**147**	176	– 17	**37**	40	**77**	85	35-40	12-15	1,100
12	13	**Rickel,** South Plainfield, N.J. Sku's: 25K avg./25K total; 4,000 employees	**347**	275	+ 26	**347**	275	+ 26	**100**	100	**40**	36	43	48	1,920
13	12	**Lanoga,** Seattle (Including Lumbermen's, Spenard's, United Building Centers, Fish, Peavey)[6] Sku's: 17,500 avg./17,500 total; 2,200 employees	**344**	303	+ 14	**155**	138	+ 12	**45**	45	**148**	127	NA	5-30	950
		Lumbermen's, Shelton, Wash.	60	52	+ 15	—	34	—	—	65	14	14	NA	10	140
		Spenard's, Anchorage	148	136	+ 9	—	41	—	—	65	11	11	NA	NA	NA
		United Building Centers, Winona, Minn.	136	115	+ 18	—	63	—	—	55	123	102	NA	5	615
14	11	**Diamond Lumber,** Sacramento, Calif. Sku's: 12K avg./12K total; 1,300 employees	**330**	306	+ 8	**69**	46	+ 50	**20**	15	**96**	97	96	6	576
15	16	**Pay 'N Pak,** Kent, Wash. Sku's: 15K avg./15K total; 1,475 employees	**305**	250	+ 22	**305**	250	+ 22	**100**	100	**100**	100	NA	18-56	2,240
16	18	**Menards,** Eau Claire, Wis. Sku's: 50K avg.	**285**	228	+ 25	**242**	194	+ 25	**85**	85	**21**	21	NA	50	1,050
17	17	**Handyman,** San Diego, Calif.[7] Sku's: 25K avg.	**270**	240	+ 13	**270**	240	+ 13	**100**	100	**55**	77	NA	40	2,200
18	21	**West Building Materials,** Atlanta Sku's: 16-20K avg./20K total; 2,650 employees	**245**	198	+ 24	**98**	69	+ 42	**40**	35	**65**	65	66	15	1,000
19	15	**Ernst Home Center,** Seattle, Wash. (Including Von Tobel's) Sku's: 30K avg./30K total; 2,100 employees	**240**	255	– 6	**240**	255	– 6	**100**	100	**70**	72	72	36	2,590
20	20	**Central Hardware,** Bridgeton, Mo. Sku's: 45K avg./45K total; 2,500 employees	**230**	200	+ 15	**230**	200	+ 15	**100**	100	**30**	30	34	55	1,650
21	NR	**Builders Square,** San Antonio[8] Sku's: 32K avg./32K total; 1,575 employees	**190**	17	+1,018	**152**	14	+986	**80**	80	**15**	5	43	70	1,050
22	22	**McCoy's Building Supply,** San Marcos, Tex. Sku's: 10K avg.	**181**	165	+ 10	**145**	132	+ 10	**80**	80	**58**	50	66	16	950
23	23	**Pergament Home Centers,** Melville, N.Y. Sku's: 20K avg./30K total; 2,500 employees	**180**	160	+ 13	**180**	160	+ 13	**100**	100	**42**	42	47	25	1,100
24	27	**Carter-Jones Lumber,** Kent, Ohio[9] (Including Z+L Lumber)	**165**	120	+ 38	**91**	66	+ 38	**55**	55	**142**	136	NA	8,000	1,250
25	26	**Forest City,** Cleveland, Ohio[10] Sku's: 30K avg./30K total; 2,000 employees	**160**	128	+ 25	**156**	125	+ 25	**98**	98	**22**	20	17	55	1,200
26	32	**Homecrafters Warehouse,** Birmingham, Ala. Sku's: 12K avg./30K total; 1,800 employees	**156**	104	+ 50	**78**	47	+ 66	**50**	45	**41**	36	41	12-70	950
27	24	**Erb Lumber,** Birmingham, Mich. Sku's: 7K avg./10K total; 870 employees	**150**	137	+ 9	**75**	69	+ 9	**50**	50	**36**	35	36	5-20	420
—	25	**Weyerhaeuser,** Tacoma, Wash. (Including Dixieline, Everitt and Fisher Lumber) Sku's: 15,000 avg./15,000 total; 525 employees	**150**	130	+ 15	**87**	83	+ 5	**58**	64	**11**	11	11	20	230
		Dixieline Lumber, San Diego	**107**	80	+ 34	64	56	+ 14	60	70	5	5	5	18	90
		Everitt Lumber, Fort Collins, Colo.	**31**	40	– 29	15	20	– 33	50	50	4	4	4	27	108
		Fisher Lumber, Santa Monica, Calif.	**12**	10	+ 20	8	7	+ 14	70	70	2	2	2	16	32
29	30	**Weiohan Lumber,** Saginaw, Mich. Sku's: 7-8K avg./13-15K total; 1,000 employees	**139**	112	+ 24	**81**	67	+ 21	**58**	60	**34**	35	36	20-45	628
30	28	**Edward Hines Lumber,** Chicago (Including Kindt, Lomira, Wis.)[11] Sku's: 8K avg./9K total; 550 employees	**138**	83	+ 66	**55**	42	+ 31	**40**	50	**33**	25	35	9	297
31	29	**Rutland Lumber & Supply,** Santa Ana, Calif. Sku's: 30K avg./30K total; 1,000 employees	**128**	114	+ 12	**128**	114	+ 12	**100**	100	**15**	12	19	60	900
32	31	**O'Malleys,** Phoenix, Ariz. Sku's: 20K avg./30K total; 650 employees	**114**	110	+ 4	**46**	39	+ 18	**40**	35	**19**	19	19	25	475

THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY

THE NHCN TOP 100 TOTAL SALES

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33	27	**Foxworth-Galbraith Lumber,** Dallas Sku's: 12K; 1,600 employees	110	120	– 8	44	48	– 8	40	40	59	50	NA	12	708
34	35	**Handy Andy Home Improvement Centers,** Gurnee, Ill. Sku's: 25K avg./30K total; 1,100 employees	106	85	+ 25	104	83	+ 25	98	98	15	13	17	55-60	900
35	37	**Knox Lumber,** St. Paul, Minn. Sku's: 17-22 avg./22K total; 850 employees	103	84	+ 23	98	80	+ 23	95	95	10	9	10	30	300
36	39	**Lloyd Home & Building Centers Inc.** Danbury, Conn.[12] Sku's 10K avg./15K total; employees: 870	90	80	+ 13	59	52	+ 13	65	65	39	39	NA	10	500
37	34	**Busy Beaver,** Pittsburgh, Pa.[13] Sku's: 10-15K avg./24K total; 522 employees	83	87	– 5	62	65	– 5	75	75	24	30	11	20	500
38	45	**Anderson Lumber Co.,** Ogden, Utah Sku's: 15K avg./15K total; 500 employees	80	65	+ 23	26	21	+ 24	33	33	22	22	24	4-31	132
—	41	**Copeland Lumber Yards,** Portland, Ore. 600 employees	80	80	0	44	44	0	55	55	80	80	80	5	400
—	43	**Hill-Behan Lumber,** St. Louis Sku's: 13K avg./13K total; 850 employees	80	75	+ 7	40	38	+ 5	50	50	34	32	34	12	408
—	46	**The Terry Companies,** Tarzana, Calif. Sku's: 10K avg./10K total; 350 employees	80	65	+ 23	16	12	+ 33	20	18	10	9	NA	6	60
42	35	**Great Plains Supply,** St. Paul, Minn. Sku's: 10-12K avg./20K total; 600 employees	78	85	– 8	50	51	– 2	64	60	82	92	41	4	328
43	44	**Meeks Building Centers,** Springfield, Mo.[14]	75	73	+ 3	30	22	+ 36	40	30	21	20	23	11-30	675
44	42	**Lampert Lumber,** St. Paul, Minn. Sku's: 7K avg./30K total; 550 employees	74	76	– 3	49	50	– 2	66	66	47	47	47	11	494
45	NR	**The Home Club,** Fullerton, Calif. Sku's: 20K avg./20K total; 810 employees	70	10	+ 600	70	10	+600	100	100	6	2	12	100	600
—	46	**Seacoast Building Centers,** Conway, S.C. Sku's: 12K avg./12K total; 467 employees	70	65	+ 8	18	16	+ 8	25	25	12	10	NA	2-45	240
—	49	**The Strober Brothers,** Brooklyn, N.Y. Sku's: 8K avg./10K total; 225 employees	70	61	+ 15	25	21	+ 15	35	35	8	8	10	3	24
48	51	**Valu Home Centers,** Buffalo, N.Y. Sku's: 12K avg./15K total; 500 employees	65	58	+ 12	65	58	+ 12	100	100	22	22	23	25	550
49	48	**Neiman-Reed's Lumber City,** Van Nuys, Calif. Sku's: 22K avg./22K total; 700 employees	63	63	0	57	60	– 5	90	95	12	12	14	30-45	420
50	40	**Big Tin Barn,** Diboll, Tex. 200 employees	60	84	– 29	12	13	– 8	20	15	6	6	NA	2-8	36
—	54	**Westlake Ace Hardware,** Moberly, Mo. Sku's: 21K avg./21K total; 550 employees	60	50	+ 20	55	46	+ 20	91	91	28	26	33	22	535
52	65	**M. G. Building Materials,** San Antonio, Tex. Sku's: 12K avg./12K total; 100 employees	58	40	+ 45	23	16	+ 44	40	40	2	2	3	10	20
53	53	**A. C. Houston Lumber,** Wichita, Kan. Sku's: 15K avg./20K total; 325 employees	57	52	+ 10	20	18	+ 11	35	35	11	11	11	4-20	120
—	NR	**Stripling Blake Lumber Co.,** Austin, Tex. Sku's: 12K avg./14K total; 365 employees	57	42	+ 36	6	5	+ 20	10	12	1	1	1	30	30
55	63	**Calcasieu Lumber,** Austin, Tex. Sku's: 13K avg./13K total; 275 employees	56	45	+ 24	1	0.4	+150	2	1	1	1	1	10	10
56	54	**Alexander Lumber,** Aurora, Ill. 270 employees	55	50	+ 10	22	18	+ 22	40	35	56	60	54	3-24	350
—	54	**Courtesy Home Centers,** Mount Prospect, Ill. Sku's: 25-35K avg./35K total; 625 employees	55	50	+ 10	55	50	+ 10	100	100	5	4	6	80-90	425
58	59	**The Peter Kuntz Co.,** Dayton, Ohio Sku's: 5-20K avg./20K total; 400 employees	52	48	+ 8	26	24	+ 8	50	50	24	24	25	15-30	225*
—	73	**Brown-Graves,** Akron, Ohio[15] 364 employees	52	45	+ 16	8	7	+ 15	15	15	5	4	5	11	55
—	NR	**Mr. HOW Warehouse,** Margate, Fla. Sku's: 30K avg./30K total	52	15	+ 247	49	14	+247	95	95	12	2	40	75	900
—	54	**Star Lumber,** Wichita, Kan. Sku's: 33K avg./33K total; 400 employees	52	50	+ 4	22	21	+ 5	43	41	3	3	3	29-44	108
62	95	**Mr. Goodbuys,** Philadelphia Sku's: 20K avg./20K total; 600 employees	50	26	+ 92	50	26	+ 92	100	100	6	4	11	60	360
—	61	**Stambaugh-Thompson,** Youngstown, Ohio Sku's: 21K avg./21K total; 700 employees	50	47	+ 6	50	47	+ 6	100	100	20	20	21	20-34	420
—	76	**Williams Bros. Lumber,** Atlanta[16] Sku's: 11K avg./14K total; 425 employees	50	35	+ 43	20	18	+ 12	40	50	9	9	10	12	120
—	NR	**Wolf Supply,** York, Pa. Sku's: 5K avg./10K total; 150 employees	50	36	+ 39	18	13	+ 38	35	35	22	22	24	2	45
66	72	**Chase-Pitkin,** Rochester, N.Y. Sku's: 40K avg./40K total; 650 employees	49	39	+ 26	47	37	+ 26	95	95	11	11	12	35	385
67	49	**Walker-Kurth Lumber,** Houston Sku's: 25K avg./25K total; 250 employees	48	55	– 15	24	28	– 14	50	50	5	6	5	20	100
68	59	**Cox Lumber Co.,** St. Petersburg, Fla. Sku's: 8K avg./10K total; 400 employees	47	40	+ 18	9	8	+ 17	20	20	12	11	14	15	180
69	64	**Causeway Lumber,** Fort Lauderdale, Fla. Sku's: 8K avg./8K total; 360 employees	43	37	+ 16	5	4	+ 20	11	10	3	3	3	5	15
—	70	**Goodman's Lumber,** San Francisco	43	38	+ 13	43	38	+ 13	100	100	5	5	5	7-100	200
—	70	**Warners True Value,** St. Paul, Minn.	43	38	+ 13	41	36	+ 14	95	95	23	23	23	20	460
72	65	**Church's Lumber Yards,** Utica, Mich. Sku's: 12.5K avg./10-15K total; 200 employees	40	36	+ 11	30	27	+ 11	75	75	12	12	14	10-25	198
—	65	**Fullerton Lumber,** Minneapolis 400 employees	40	40	0	16	16	0	40	40	46	50	42	3-100	600
—	74	**The Paty Co.,** Piney Flats, Tenn. Sku's: 13.5K avg./13.5K total; 325 employees	40	35	+ 14	24	19	+ 25	60	55	6	6	6	14	84
75	76	**Brewster's Lumber,** Providence, R.I. Sku's: 10K avg./10K total; 200 employees	39	35	+ 11	23	21	+ 11	60	60	4	4	4	17	68
76	82	**Mid-Cape Home Centers,** Orleans, Mass. Sku's: 17K avg./20K total; 219 employees	38	31	+ 23	10	8	+ 25	25	25	9	9	9	4-27	85
—	76	**Scott's,** Linthicum, Md. Sku's: 15K avg./15K total; 400 employees	38	35	+ 9	37	34	+ 9	98	98	17	17	18	19-40	450
78	89	**Seigle's Home & Building Centers,** Elgin, Ill.[17] Sku's: 14K avg./18K total; 242 employees	37	29	+ 28	13	12	+ 8	35	40	5	5	7	17	88
79	81	**Ganahl Lumber Co.,** Anaheim, Calif. Sku's: 25K avg./25K total; 240 employees	36	34	+ 6	7	7	0	19	20	4	3	NA	7	30
—	65	**Lampert Yards,** St. Paul, Minn. Sku's: 15K avg./15K total; 285 employees	36	40	– 10	22	24	– 8	60	60	30	31	30	4-6	150
81	82	**Crissy-Fowler Lumber Co.,** Colorado Springs Sku's: 23K avg./23K total; 155 employees	32	30	+ 7	5	5	0	15	16	1	1	1	30	30
—	91	**Curtis Lumber,** Ballston Spa, N.Y. Sku's: 10K avg./11K total; 145 employees	32	28	+ 14	24	18	+ 33	75	65	6	6	7	7-48	97

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—	74	**Elk Supply Co.**, Clinton, Okla. Sku's: 6-15K avg.; 110 employees	32	36	– 11	26	29	– 10	80	80	18	18	18	10-12	200
—	86	**Plywood Minnesota Inc.**, Minneapolis Sku's: 5K avg./5K total; 225 employees	32	27	+ 19	24	22	+ 9	75	80	10	9	12	35	350
86	89	**Martin Home Centers**, Alexandria, La. Sku's: 10K avg./10K total; 175 employees	31	34	– 9	14	12	+ 17	45	35	7	9	7	10	70
86	91	**Babbitt Bros.**, Flagstaff, Ariz. Sku's: 10K avg./12K total; 135 employees	30	28	+ 7	12	11	+ 8	40	40	6	6	6	10	48
—	82	**City Mill**, Honolulu Sku's: 21K avg./21K total; 380 employees	30	30	0	27	27	0	90	90	5	4	5	45	250
—	82	**Eclipse Industries**, St. Louis (Including B & B, Big E)	30	28	+ 7	30	28	+ 7	100	100	8	7	10-12	40	320
—	NR	**M. L. Claster & Sons**, Bellefonte, Pa. Sku's: 5K avg./5K total; 220 employees	30	24	+ 25	18	14	+ 25	60	60	12	12	12	7	84
—	NR	**Hancock Co.**, Casco, Me. Sku's: 12K avg./15K total; 100 employees	30	25	+ 20	14	10	+ 40	45	40	6	5	7	4	24
—	95	**J. T.'s Home & Buildings Centers**, Middletown, R.I. Sku's: 20-25K avg./25K total	30	25	+ 20	11	9	+ 22	35	35	5	5	6	15-35	125
—	93	**Panning Lumber & Supply Co.**, Orlando, Fla. Sku's: 12K avg./12K total; 250 employees	30	27	+ 11	3	2.7	+ 11	10	10	7	6	8	5	35
—	NR	**Rigg's Supply**, Kennett, Mo.	30	28	+ 7	26	24	+ 7	85	85	6	6	7	50	350
—	82	**The T. H. Rogers Lumber**, Oklahoma City Sku's: 10K avg./10K total; 200 employees	30	30	0	20	20	0	65	65	33	32	34	5	180
95	95	**Lezzer Lumber**, Curwensville, Pa. Sku's: 15K avg./15K total; 115 employees	29	26	+ 12	20	18	+ 11	70	70	6	5	6	15	90
96	98	**E. C. Barton & Co.**, Jonesboro, Ark. Sku's: 5K avg./10K total	28	25	+ 12	7	5	+ 40	25	20	27	27	27	5	135
97	82	**Homeowners DIY Centers**, Gardena, Calif. Sku's: 20K avg./20K total; 200 employees	27	30	– 10	27	30	– 10	100	100	4	5	4	40	160
—	82	**Robertson Companies**, Grand Forks, N.D. Sku's: 18K avg./18K total; 175 employees	27	30	– 10	12	14	– 12	45	45	28	31	28	2-20	280
99	NR	**All American Home Centers**, Downey, Calif. Sku's: 70K avg./70K total; 265 employees	25	23	+ 9	25	23	+ 9	100	100	1	1	1	173	173
—	93	**Brawer Lumber & Supply Co.**, Detroit (Including Pine Lumber Cashway) Sku's: 8K avg./8K total; 270 employees	25	27	– 7	21	22	– 6	85	85	13	12	13	6-14	117
—	NR	**Budget Power**, Hopkins, Minn. Sku's: 20-22K avg./22K total; 400 employees	25	21	+ 20	24	20	+ 20	95	95	8	7	9	10-12	80
—	98	**Gee Lumber**, Chicago Sku's: 40K avg./40K total; 450 employees	25	25	0	20	20	0	80	80	13	13	13	20-60	400
—	NR	**Sackett & Peters**, Whittier, Calif. Sku's: 37K avg./37K total; 155 employees	25	22	+ 14	25	22	+ 14	99	99	2	2	2	82	165
TOP 10 TOTAL SALES			**8,746**	7,289	+ 20	**6,651**	5,631	+ 18	76	77	1,984	1,906	—	—	49,410
TOP 25 TOTAL SALES			**12,608**	10,624	+ 19	**9,478**	8,004	+ 18	75	75	2,965	2,869	—	—	70,236
TOP 50 TOTAL SALES			**15,020**	12,730	+ 18	**10,897**	9,209	+ 18	73	72	3,663	3,545	—	—	81,411
TOP 100 TOTAL SALES			**17,108**	14,552	+ 18	**12,107**	10,257	+ 18	71	70	4,292	4,183	—	—	91,990

Footnotes for NHCN Top 100—Total Sales

[1]W. R. Grace (#2)—Total volume number includes pro-rated share of sales from 35 Ole's stores purchased in July 1984. Decline in store count in Central Region reflects restructuring in which certain stores were ceded to the region now called Grace Home Centers West.

[2]Payless Cashways (#3)—In March 1984, Payless acquired two-unit Somerville Lumber, which has since opened another store. The numbers reflect this transaction. Numbers for 1983 are restated to include Somerville sales as well as those of Prime Home Improvement Centers, Wood Bros. and Lumberjack, which were acquired during 1983.

[3]Scotty's (#8)—Scotty's fiscal year ends June 30. Numbers in the chart reflect the calendar year.

[4]The Home Depot (#9)—Numbers include purchase late in 1984 of nine-store Bowater Home Centers.

[5]Boise Cascade (#11)—Reduction in store count projected for 1985 reflects agreement reached in January 1985 to sell 23 units to Lowe's and plans to divest other units as well.

[6]Lanoga (#13)—Lanoga purchased the 23-store Peavey Co., the Minneapolis subsidiary of ConAgra, in April 1984, which was added to its United Building Centers chain. Lanoga's 1984 totals reflect this transaction. Its 1983 sales volume does not, but Peavey's $50 million in 1983 will be added to the industry subtotals at the bottom of the chart.

[7]Handyman (#18)—Total volume number reflects the sale of 15 of 21 Texas and Oklahoma City Homer's stores in August 1984.

[8]Builders Square (#21)—Founded as Home Centers of America in February 1983, with stores called Home-Pro Warehouse, the chain was acquired by K mart in July 1984 and the store name changed to Builders Square.

[9]Carter-Jones Lumber (#24)—Acquired six-store Z&L Lumber of Pittsburgh in July 1984. Numbers reflect that transaction.

[10]Forest City (#25)—In February 1985 Forest City sold its five Chicago units to Mr. HOW Warehouse. The total volume numbers here are for 1984 and do not reflect that transaction.

[11]Edward Hines Lumber (#30)—Total volume number reflects the April 1984 purchase of Kindt, Lomira, Wis., with seven stores.

[12]Lloyd Home and Building Centers (#36)—Previously listed as Lloyd Lumber, part of American Maize Products. Lloyd, still part of American Maize, initiated a name change in late 1983 aimed at bringing all units, including those called Briggs and Buchanan, under the same banner.

[13]Busy Beaver (#37)—Busy Beaver sold 14 of its 24 units to former Busy Beaver president Jack Fagen in January 1985. The figures here do not reflect that transaction.

[14]Meeks Building Centers (#43)—Formerly Charles C. Meeks Lumber until a name change about a year ago.

[15]Brown-Graves (#58)—Total sales are for retail division only and do not include the company's wholesale operation.

[16]Williams Bros. (#62)—Total sales numbers include gains from expanded wholesale operation.

[17]Seigle's Home and Building Center (#78)—Formerly called Elgin Lumber & Supply Co., until a name change in November 1984. No change in management, however.

How the Top 100 line-up

Subsidiaries are ranked by parent companies
NR = not ranked

Companies	DIY Rank	Total Sales Rank
Alamo Enterprises	3	4
Alexander Lumber	74	56
All American Home Center	63	99
Anderson Lumber	59	38
Babbitt Bros	NR	86
Bailey Lumber	91	NR
Big Tin Barn	NR	50
Boise Cascade	21	11
Brawer Lumber	77	99
Brewster's	71	75
Brown-Graves	NR	58
Budget Power	66	99
Builderama	89	NR
Builder's Emporium	5	5
Builders Square	29	21
Busy Beaver	35	37
Calcasieu Lumber	NR	55
Carter-Jones	27	24
Causeway Lumber	NR	69
Central Hardware	16	20
Channel Home Centers	1	2
Chase-Pitkin	46	66
Church's Lumber Yards	54	72
City Mill	57	86
M. L. Claster & Sons	86	86
Copeland Lumber Yards	48	38
Courtesy Home Centers	38	56
Cox Lumber	NR	68
Crissy Fowler	NR	81
Curtis Lumber	66	81
Diamond Lumber	33	14
Dixieline	30	28
E. C. Barton & Co.	NR	96
Eclipse Industries	54	86
84 Lumber	7	6
Elk Supply	59	81
Erb Lumber	30	27
Ernst Lumber	15	19
Evans Products	3	4
Everitt Lumber	30	28
Fisher Lumber	30	28
Forest City	18	25
Foxworth-Galbraith	48	33
Fullerton Lumber	91	72
Ganahl Lumber	NR	79
Gee Lumber	78	99
Goodman Lumber	50	69
W. R. Grace	1	2
Grace Central Region	1	2
Grace West	1	2
Great Plains Supply	41	42
Grossman's	3	4
Grossman's West	3	4
Hacienda Home Centers	94	NR
Hancock Co	97	86
Handy Andy Home Improvement Centers	24	34
Handyman	13	18
Hechinger	9	10
Hill-Behan	52	38
Edward Hines Lumber	38	30
The Home Depot	8	9
HomeClub	32	45
Homecrafters	29	26
Homeowners DIY Centers	57	97
Peter Kuntz	59	58
A. C. Houston Lumber	78	53
Hubbard & Johnson	3	4
Hughes Lumber	84	NR
J. T. Home & Building Centers	NR	86
Knox Lumber	25	35
Lampert Lumber	44	79
Lampert Yards	74	44
Lanoga	19	13
Levy's Lumber & Building	94	NR
Lezzer Lumber	78	95
Lindsley	3	4
Lloyd Home & Building Centers	36	36
Lowe's	4	1
Lumbermen's	19	13
Martin Home Centers	97	85
McCoy's Building Supply Centers	54	43
Meeks Building Centers	54	43
Menards	14	16
Mid-Cape Centers	NR	76
M. G. Building Materials	71	52
Moore's	3	4
Mr. Goodbuy's	41	62
Mr. HOW Warehouse	44	58
National Lumber	23	31
Neiman-Reed's Lumber City	37	49
O'Malley's	47	32
Ole's Home Centers	1	2
Orchard Supply	1	2
Panning Lumber & Supply	NR	86
Paty Co.	66	72
Payless Cashways	2	3
Pay 'N Pak	11	15
Peavey	19	13
Pergament Home Centers	17	23
Plywood Minnesota	66	81
Plywood Ranch	71	NR
Rickel Home Centers	10	12
Riggs Supply	59	86
Robertson Cos.	NR	97
T. H. Rogers Lumber	78	86
Sackett & Peters	63	99
Samon's DIY Centers	84	NR
San Diego Glass & Paint	100	NR
Scott's	53	76
Scotty's	12	8
Seacoast Building Centers	86	45
Seigle's Home & Building Centers	100	78
Somerville Lumber	2	2
Spenard's	19	13
Stambaugh-Thompson	41	62
Star Lumber	74	58
Stine Lumber	97	NR
Stripling Blake	NR	53
Strober Bros.	63	45
Sutherland Lumber	6	7
TAPJAC	89	NR
The Terry Cos.	91	38
Thurman Industries	78	NR
United Building Centers	19	13
Valu Home Centers	34	48
Walker-Kurth Lumber	66	67
Warners True Value	51	69
West Building Materials Centers	25	17
Westlake Ace Hardware	38	50
Weyerhaeuser	30	27
Wickes Cos.	5	5
Wickes Lumber	5	5
Williams Bros. Lumber	78	62
Wolf Supply	86	62
Wolohan Lumber	28	29
Ziegler Building Centers	94	NR

The Top 100 charts were developed by researcher Marcia Spires and the staff of National Home Center News.

A year of consolidation in a vibrant industry

(Continued from page 21)

chase of Somerville Lumber, giving Payless a beachhead for expansion in the Northeast for the first time.

Lanoga Corp. purchased 23 Peavey stores, doing around $50 million, for its United Building Centers chain in the Midwest. And even the lumbering giant, 84 Lumber, made growling sounds about making a "major acquisition" in its effort to become the industry's largest chain—with 700 stores and $3 billion in sales—by 1990.

Some of the smaller companies got into the act, as Erb Lumber and B&B Home Supply joined forces to open a string of warehouses in the Cleveland market called DIY Home Warehouse; Edward Hines Lumber in Chicago bought the eight-unit Kindt Corp. in Wisconsin, and Carter Lumber solidified its market position in Pittsburgh with the acquisition of the seven-store Z&L Lumber.

Aside from larger chains swallowing up the smaller ones, venture capitalists showed considerable interest in the home center industry last year, which further complicated the market picture. The New York-based Trump Group spent close to $350 million to buy Pay 'n Save Corp. in Seattle, which includes the Ernst Home Center chain. Vendex International, the Dutch firm that made headlines in 1982 when, then called Vroom Dreesmann, it flirted with merging with W. R. Grace's retail division, bought a one-third interest in Mr. Goodbuys in 1983. Last year, Mr. Goodbuys used the capital to embark on an ambitious expansion drive.

And the HomeClub chain in Fullerton, Calif., was able to raise $30 million for expansion through a private placement offering with a number of institutional investors. Other companies, including Home Depot and Hechinger Co., filled their coffers in 1984 through debenture offerings that gave them the financial wherewithal to expand.

Ironically, all this consolidation and capital growth came during a year in which Wall Street was not particularly kind to the industry. For a good portion of last year, most of the public companies' stock performed poorly, and it was not until late in 1984 that stock prices approached historical levels.

Most industry officials were perplexed as to why their stocks were undervalued, as the industry as a whole, and several companies in particular, had robust sales years.

In 1984, the Top 100 home center chains generated $17.1 billion in total volume, close to 18% higher than what these same companies did in 1983. This sales total represented 28.8% of total lumber, building materials, hardware and supply dealer volume in 1984, compared to the 28.2% of total dealer volume 1983's Top 100 accounted for.

The home center industry's Top 10 chains again made up the lion's share of the market, collectively generating $8.745 billion in volume, or 20% more than they did the previous 12 months. The 10 chains alone

(Continued on page 128)

THE NHCN TOP 100 DIY SALES

Rank	Companies	DIY SALES (millions $) 1984	1983	% change	% DIY 1984	Total stores 1984
1	**W. R. Grace,** New York (including Central Region, Channel, Grace West, Orchard Supply)	1,140	974	+ 17	95	324
2	**Payless Cashways,** Kansas City, Mo. (including Somerville Lumber)	1,058	957	+ 11	90	157
3	**Evans Products,** Miami (including Alamo, Grossman's, Grossman's West & Hubbard & Johnson, Lindsley, Moore's)	909	790	+ 15	85	349
4	**Lowe's,** No. Wilkesboro, N.C.	878	729	+ 22	52	248
5	**Wickes Cos.,** Santa Monica, Calif. (including Wickes Lumber, Builders Emporium)	605	540	+ 12	57	271
6	**Sutherland Lumber,** Kansas City, Mo.	525	426	+ 23	100	85
7	**84 Lumber,** Eighty-Four, Pa.	450	378	+ 19	60	365
8	**The Home Depot,** Atlanta	433	256	+ 69	100	31
9	**Hechinger,** Landover, Md.	405	310	+ 31	100	44
10	**Rickel Home Centers,** South Plainfield, N.J.	347	275	+ 26	100	40
11	**Pay 'N Pak,** Kent, Wash.	305	250	+ 22	100	100
15	**Ernst Home Centers,** Seattle	240	255	− 6	100	70
12	**Scotty's,** Winter Haven, Fla.	286	271	+ 6	65	110
13	**Handyman,** San Diego	270	240	+ 13	100	55
14	**Menards,** Eau Claire, Wis.	242	194	+ 25	85	21
16	**Central Hardware,** Bridgeton, Mo.	230	200	+ 15	100	30
17	**Pergament Home Centers,** Melville, N.Y.	180	160	+ 13	100	42
18	**Forest City,** Cleveland	156	125	+ 25	98	22
19	**Lanoga,** Seattle (including Lumbermen's, Peavey, Spenard's, UBC)	155	138	+ 12	45	148
20	**Builders Square,** San Antonio	152	14	+986	80	15
21	**Boise Cascade,** Boise, Idaho	147	176	− 17	37	77
22	**McCoy's Building Supply,** San Marcos, Tex.	145	132	+ 10	80	58
23	**National Lumber,** Santa Ana, Calif.	128	114	+ 12	100	15
24	**Handy Andy Home Improvement Centers,** Gurnee, Ill.	104	83	+ 25	98	15
25	**West Building Materials,** Atlanta	98	69	+ 42	40	65
—	**Knox Lumber,** St. Paul, Minn.	98	80	+ 23	95	10
27	**Carter-Jones Lumber,** Kent, Ohio	91	66	+ 38	55	142
28	**Wolohan Lumber,** Saginaw, Mich.	81	67	+ 21	58	34
29	**Homecrafters Warehouse,** Birmingham, Ala.	78	47	+ 66	50	41
30	**Erb Lumber,** Birmingham, Mich.	75	69	+ 9	50	36
—	**Weyerhaeuser,** Tacoma, Wash. (including Dixieline, Everitt, Fisher)	75	83	− 16	50	11
32	**HomeClub,** Long Beach, Calif.	70	10	+600	100	6
33	**Diamond Lumber,** Dallas	69	46	+ 50	20	96
34	**Valu Home Centers,** Buffalo	65	58	+ 12	100	22
35	**Busy Beaver,** Pittsburgh	62	65	− 5	75	24
36	**Lloyd Home & Building Centers,** Danbury, Conn.	59	52	+ 13	65	39
37	**Neiman-Reed's Lumber City,** Van Nuys, Calif.	57	60	− 5	90	12
38	**Edward Hines Lumber,** Chicago	55	42	+ 31	40	33
—	**Westlake Ace Hardware,** Moberly, Mo.	55	46	+ 20	91	28
—	**Courtesy Home Centers,** Mount Prospect, Ill.	55	50	+ 10	100	5
41	**Great Plains Supply,** St. Paul, Minn.	50	51	− 2	64	82
—	**Mr. Goodbuys,** Philadelphia	50	26	+ 92	100	6
—	**Stambaugh-Thompson,** Youngstown, Ohio	50	47	+ 6	100	20
44	**Lampert Lumber,** St. Paul, Minn.	49	50	− 2	66	47
—	**Mr. HOW Warehouse,** Margate, Fla.	49	14	+247	95	12
46	**Chase-Pitkin,** Rochester, N.Y.	47	37	+ 26	95	11
47	**O'Malleys,** Phoenix	46	39	+ 18	40	19
48	**Fenwerth-Galbraith,** Dallas	44	48	− 8	40	59
—	**Copeland Lumber Yards,** Portland, Ore.	44	44	0	55	80
50	**Goodmen Lumber,** San Francisco	43	38	+ 13	100	5

Rank	Companies	DIY SALES (millions $) 1984	1983	% change	% DIY 1984	Total stores 1984
51	**Warners True Value,** St. Paul, Minn.	41	36	+ 14	95	23
52	**Hill-Behan,** St. Louis	40	38	+ 5	50	34
53	**Scott's,** Linthicum, Md.	37	34	+ 9	98	17
54	**Meeks Building Centers,** Springfield, Mo.	30	22	+ 36	40	21
—	**Church's Lumber Yards,** Utica, Mich.	30	27	+ 11	75	12
—	**Eclipse Industries,** St. Louis	30	28	+ 7	100	8
57	**City Mill,** Honolulu	27	27	0	90	5
—	**Homeowners DIY Centers,** Gardena, Calif.	27	30	− 10	100	4
59	**Anderson Lumber,** Ogden, Utah	26	21	+ 24	33	22
—	**Peter Kuntz,** Dayton, Ohio	26	24	+ 8	50	24
—	**Elk Supply,** Clinton, Okla.	26	29	− 10	80	18
—	**Rigg's Supply,** Kenneth, Mo.	26	24	+ 8	85	6
63	**Strober Bros.,** Brooklyn, N.Y.	25	21	+ 15	35	8
—	**All American Home Center,** Downey, Calif.	25	23	+ 9	100	1
—	**Sackett & Peters,** Whittier, Calif.	25	22	+ 14	99	2
66	**Walker-Kurth,** Houston	24	28	− 14	50	5
—	**The Paty Co.,** Piney Flats, Tenn.	24	19	+ 25	60	6
—	**Curtis Lumber,** Ballston Spa, N.Y.	24	18	+ 33	75	6
—	**Plywood Minnesota,** Minneapolis	24	22	+ 9	75	10
—	**Budget Power,** Hopkins, Minn.	24	20	+ 20	95	8
71	**M. G. Building Materials,** San Antonio	23	16	+ 44	40	2
—	**Brewster's Lumber,** Providence, R.I.	23	21	+ 11	60	4
—	**Plywood Ranch,** Braintree, Mass.	23	22	+ 5	93	12
74	**Alexander Lumber,** Aurora, Ill.	22	18	+ 22	40	56
—	**Star Lumber,** Wichita, Kan.	22	21	+ 5	43	3
—	**Lampert Yards,** St. Paul, Minn.	22	24	− 8	60	30
77	**Braver Lumber & Supply,** Detroit	21	22	− 6	85	13
78	**A. C. Houston Lumber,** Wichita, Kan.	20	18	+ 11	35	11
—	**Williams Bros.,** Atlanta	20	18	+ 12	40	9
—	**T. H. Rogers,** Oklahoma City	20	20	0	65	33
—	**Lezzer Lumber,** Curwensville, Pa.	20	18	+ 11	70	6
—	**Gee Lumber,** Chicago	20	20	0	80	13
—	**Thurman Industries,** Kirkland, Wash.	20	20	0	98	10
84	**Hughes Lumber,** Tulsa	19	18	+ 6	80	10
—	**Samon's DIY Centers,** Salt Lake City	19	19	0	85	14
86	**Seacoast Building Centers,** Conway, S.C.	18	16	+ 13	25	12
—	**Wolf Supply,** York, Pa.	18	13	+ 38	35	22
—	**M. L. Claster & Sons,** Bellefonte, Pa.	18	14	+ 29	60	12
89	**TAPJAC,** Carthage, Mo.	17	15	+ 13	75	12
—	**Builderama,** Savannah, Ga.	17	14	+ 21	85	6
91	**The Terry Cos.,** Tarzana, Calif.	16	12	+ 33	20	10
—	**Fullerton Lumber,** Minneapolis	16	16	0	40	46
—	**Bailey Lumber,** Bluefield, W. Va.	16	15	+ 7	70	17
94	**Levy's Lumber & Building Centers,** Louisville, Ky.	15	15	0	85	3
—	**Ziegler Building Centers,** Spokane, Wash.	15	15	0	85	7
—	**Hacienda Home Centers,** Albuquerque	15	11	+ 36	90	5
97	**Martin Home Centers,** Alexandria, La.	14	12	+ 17	45	7
—	**Hancock Co.,** Casco, Me.	14	10	+ 40	45	6
—	**Stine Lumber,** Sulphur, La.	14	13	+ 8	75	5
100	**Seigle's Home & Building Centers,** Elgin, Ill.	13	12	+ 8	35	5
—	**San Diego Glass & Paint,** San Diego	13	11	+ 18	75	17
TOP 10 DIY SALES		6,750	5,635	+ 20		1,914
TOP 25 DIY SALES		9,598	8,056	+ 19		2,757
TOP 50 DIY SALES		11,186	9,291	+ 20		3,637
TOP 100 DIY SALES		12,229	10,313	+ 19		4,295

Forest City girds in Chicago for whse attack

(Continued from page 93)

market began in the spring of last year, when company officials said the chain would build an additional 8 to 10 new stores in that city following the renovation of its current three stores and the opening of two additional stores. Clearly, the intention of the chain was to establish dominance in a highly competitive market.

The company, which had operated in Chicago since 1973, opened a fourth unit in Morton Grove, Ill., in June 1984, and a fifth in Schaumburg, Ill., in the fall. The Schaumburg location, at 100,000 sq. ft., was the largest in the chain. The next largest were two Detroit and two Cleveland units, each 82,000 sq. ft.

Forest City said that its expansion plans in the Chicago market were not undertaken in reaction to forthcoming competition, but rather were part of a larger corporate plan to remerchandise and expand.

Sale of the five Chicago units, which occurred in January of this year, left Forest City with seven stores in Cleveland, two in Akron and eight in Detroit.

Both Detroit and Cleveland, where Forest City is the home team, are expected to be battle grounds this year in the warehouse store battle for market share.

The Home Depot and Builder Square are expected to face off in Detroit, while in Cleveland Forest City will face new competition from Builder Square and DIY Home Warehouse, the joint venture of Erb Lumber and Eclipse Industries.

Z&L purchase highlights year for Carter-Jones

KENT, Ohio — Normally quiet Carter Lumber made a splash in the midwestern home center world last summer when it purchased all six units of Z&L Lumber, a Pittsburgh chain.

The move was seen primarily as opportunistic, since Morris Brookner, president of Z&L Lumber, said that he wanted to sell his chain "for personal reasons." Brookner had founded the chain 35 years earlier, and had been experimenting recently with drive-throughs in many of the stores.

The purchase raised Carter Lumber's annual volume by about $30 million to an estimated $165 million for 1984.

Carter Lumber said the purchase was seen as an opportunity to expand into the Pittsburgh area, a market that does not have a lot of land in key positions for the establishing new home centers.

The company indicated it did not have a larger plan to expand into western Pennsylvania, however.

The acquired units differed somewhat from the older Carter Lumber outlets, which are characterized by a limited merchandise mix and a unique dual-building construction. One building typically houses plumbing items; the other hardware items and building materials. Each building has about 4,000 sq. ft. of showrooms, and the dual buildings are positioned adjacent to larger outdoor lumberyards.

Z&L units, on the other hand, have a mix of decorative products and paneling that will be new for Carter Lumber.

Ed Seymour
Forest City president

Carter's purchase of Z&L raised 1984's sales by $30 million.

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The top gainers

Total sales
(dollar volume)

Companies	Total sales $ increase (in millions)
Lowe's	$258
Wickes Cos.	181
Home Depot	177
W. R. Grace	175
Builders Square	173
Payless Cashways	169
Evans Products	142
84 Lumber	120
Sutherland	99
Hechinger	95

Source: NHCN Top 100—Total Sales

For the second year in a row, Lowe's led the field in total sales volume gain. Wickes Cos. posted a huge sales increase as it rebounded out of Chapter 11 in 1984. Meanwhile, Evans Products, despite scoring the seventh largest dollar sales gain in the industry last year, was forced to file for protection from creditors early in 1985. K mart showed its splash into the home improvement industry will result in more than a few ripples as its Builders Square subsidiary ranked fifth in volume increase over 1984.

Total sales
(per cent increase)

Companies	% total sales gain
Builders Square	+1,018
HomeClub	600
Mr. HOW Warehouse	247
Mr. Goodbuys	92
The Home Depot	69
Edward Hines Lumber	66
Homecrafters Warehouse	50
M.G. Building Materials	45
Williams Brothers	43
Wolf Supply	39

Source: NHCN Top 100—Total Sales

That 1984 was a year of rapid expansion of the warehouse store format is reflected in the fact that 6 of the 7 chains recording the greatest percentage increase in their total sales were warehouse operations.

Repair and remodeling spending jumps 28% to $63.2B in 1984

NATIONAL REPORT — After five years of modest growth in expenditures for home repair projects, 1984 figures set a spending record.

Last year Americans spent $63.2 billion on upkeep and improvements to the residences, 28% more than in 1983 when spending was $49.3 billion.

These numbers, compiled and released by the U.S. Department of Commerce, only include money spent on major, permanent structural work to residences. The figures do not include expenditures for interior design, appliances or decoration.

The Commerce Department's findings are reported for owner-occupied properties of single-family units and one to four dwellings as well as all other multifamily housing with no owner occupants.

The 1984 growth spurt is the result of substantial expenditure increases in maintenance and repair projects, construction improvements and major replacement work.

Major replacement projects within the household was the fastest growing category in 1984, jumping 45% to $15.8 billion. More than half this total, or $8.8 billion, was spent by single-family home owners. Roofing projects accounted for $4.1 billion of the major replacement total. Heating and central air-conditioning replacements, however, leaped 100% over 1983 to a little more than $4 billion, becoming the fastest growing home project in any category, according to Commerce Department statistics.

Maintenance and repair work recorded the second largest increase last year, up 31% to nearly $23.8 billion. Here, expenditures were divided almost equally among the three resident groups, at about one-third each. The fastest growing home project in the maintenance and repair category was plumbing, at 56%, to nearly $2.6 billion.

Additions, alterations and major replacements, which the Government also calls construction improvements, meanwhile jumped 26% in 1984 to $39.4 billion, compared to the $31.2 billion spent one year ago.

Expenditures for major home construction projects by owners of one-unit homes accounted for $27.3 billion of that total with the $12.1 billion balance being spent by owner-occupant and nonoccupants of multifamily properties.

Owner-occupants of single-family homes accounted for 59% of the $63.2 billion spent on repair, remodeling and alterations last year. However, that proportion is down significantly from the historic average of the past six years.

Between 1979 and 1983, homeowners spending ranged from a low of 64% of the total in 1981 to a high of 67% in 1980. In 1984, they applied 37.7% of their money on maintenance and repair projects, 50% on additions and alterations and 23% on major repairs, according to

(Continued on page 99)

Residential repair, remodeling & alterations ($ million)

Type of construction work	All residential properties 1984	1983	1982
Total expenditures	63,174	49,295	45,291
Maintenance & repair	23,784	18,128	16,810
Heating & central a/c	1,243	991	836
Plumbing	2,586	1,684	1,799
Roofing	2,183	1,514	1,324
Painting	7,974	6,317	5,734
Siding	911	702	665
Other	8,888	6,919	6,451
Additions, alterations & major replacements	39,390	31,167	28,481
Additions to residential structure	4,983	4,739	2,641
Additions and alterations on outside property	5,100	3,859	5,423
Alterations within residential structure	13,521	11,573	10,711
Heating & central a/c	961	701	687
Plumbing	678	557	710
Remodeling	3,415	3,070	2,688
Other	8,466	7,345	6,625
Major replacements	15,785	10,895	9,707
Heating & central a/c	4,062	2,022	1,707
Plumbing	2,651	1,741	1,748
Roofing	4,120	3,579	3,780
Siding	2,076	1,917	1,351
Other	2,877	1,637	1,119

Source: U.S. Commerce Department

The top gainers

DIY sales (dollar volume)

Companies	DIY sales $ increase (in millions)
Home Depot	$177
W. R. Grace	166
Lowe's	149
Builders Square	138
Evans Products	119
Payless Cashways	101
Sutherland	99
Hechinger	95
Rickel	72
84 Lumber	72

Source: *NHCN* Top 100—DIY Sales

In 1983, Payless Cashways dominated the home center companies in terms of raw dollar gains in DIY volume with $248 million more in consumer sales than in 1982, far above this year's leader, Home Depot, where DIY sales rose by $177 million in 1984. However, it appears that more chains shared in the increased prosperity last year.

The top gainers

DIY sales (per cent increase)

Companies	% DIY sales gain
Builders Square	+986%
HomeClub	600
Mr. HOW Warehouse	247
Mr. Goodbuys	92
Home Depot	69
Homecrafters Warehouse	66
Diamond Lumber	50
M. G. Building Materials	44
West Building Materials	42
Hancock Co.	40

Source: *NHCN* Top 100—DIY Sales

Three relatively young warehouse chains, Builders Square, HomeClub and Mr. HOW, experienced the highest rate of DIY sales growth in 1984. Home Depot's breakneck pace slowed from 117% in 1983 to 69% in 1984.

Remodeling figures set spending record

(Continued from page 98)

the Commerce Department.

Among one-unit, owner-occupied homes spending $25 or more, nearly 28%, or $10.2 billion of the $37.5 billion, was spent directly by homeowners for their own building materials purchases. The balance of the spending went to contractors, but included the cost of contractors material purchases. The 28% figure is down slightly, but still is in line with the average ratio of the past six years.

Sales improve

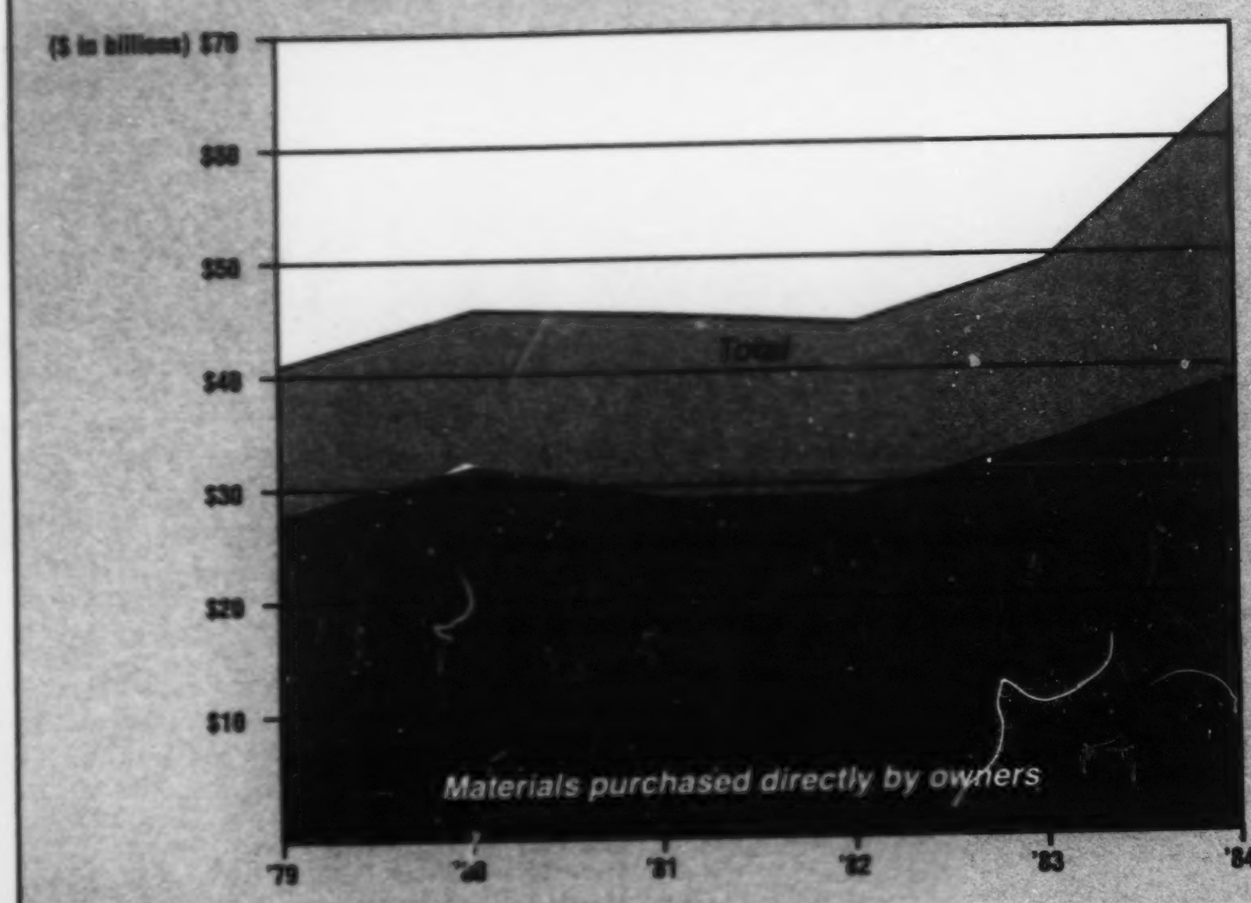
Despite the recessional dip of 1982 when $45.3 billion was spent on home repairs, nearly $1 billion less than in 1981, the growth of material purchases by single-family homeowners has been outpaced by spending for professionally completed improvements and repairs. Expenditures by homeowners rose just $1.2 billion between 1982 and 1984 from $9.1 billion to $10.3 billion last year. At the same time, expenditures for contracted improvements and repairs rose nearly $8 billion, from $29.6 billion in 1982 to $37.3 billion in 1984.

Shifting attitudes

Since 1979, $25-plus purchases made by owner-occupants of single-family residences have risen 24%, while total repair, remodeling and alterations expenditures soared nearly 50% over the same six-year period, indicating DIY activity is shifting forward more "Buy-It-Yourself" spending.

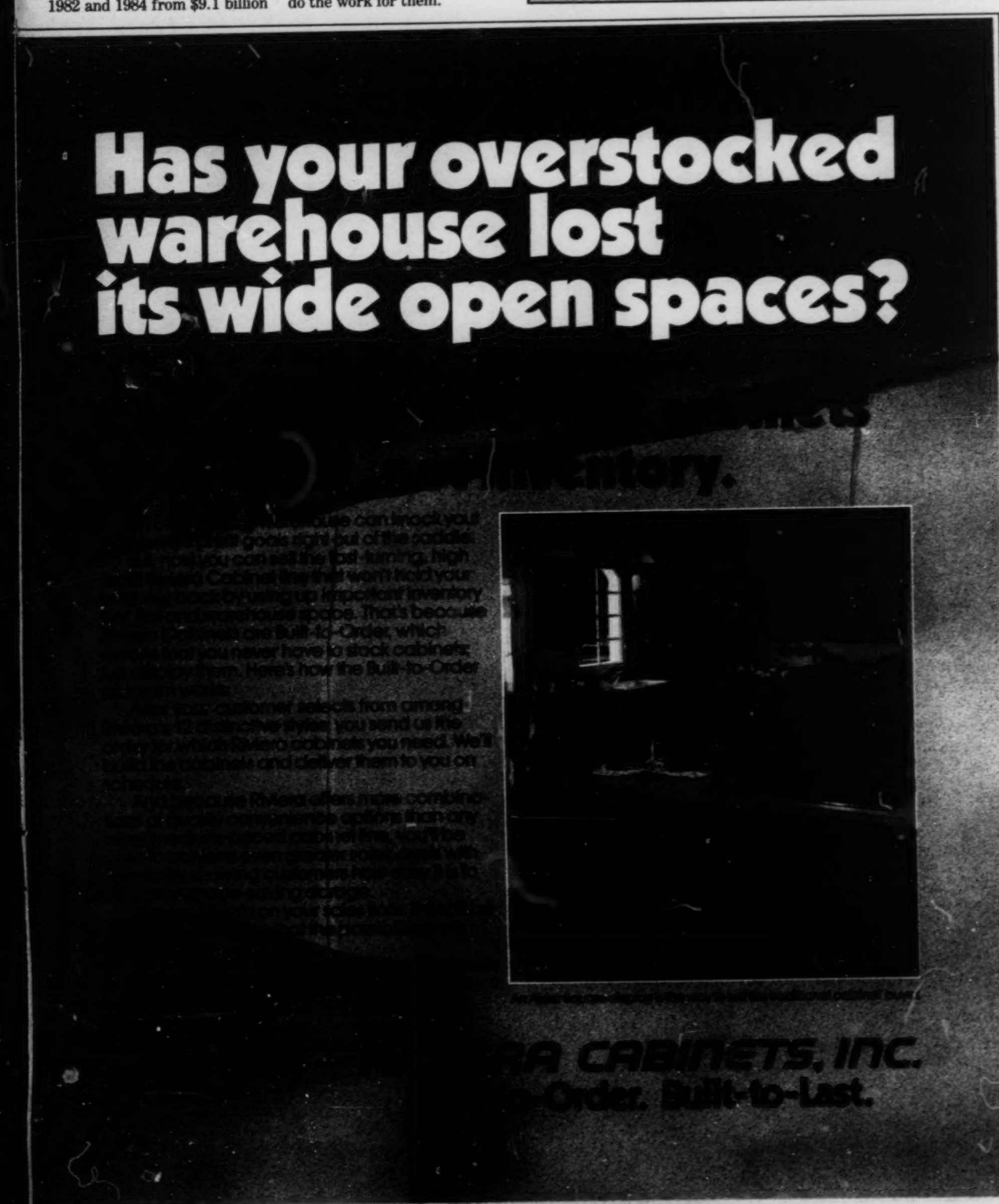
This change has probably sprung from the fact that most families now include two wage earners who find themselves less inclined to undertake the time-consuming projects themselves. They are either too busy or disinterested, and in many cases, are financially able to hire professional contractors to do the work for them.

Residential Alteration & Repair Spending



Spending by 1-unit property owners accounted for 59% of all residential alteration and repair expenditures in 1984.

*Spending $25 or more



The top losers

Total sales
(per cent decrease)

Companies	% total sales decline
Big Tin Barn	–29
Everitt Lumber[1]	–29
Lindsley[2]	–16
Walker-Kurth Lumber	–15
Alamo Enterprises[2]	–11
Boise Cascade	–11
Elk Supply Co.	–11
Homeowners DIY Centers	–10
Lampert Yards	–10
Robertson Companies	–10

Source: *NHCN* Top 100—Total Sales
[1]Subsidiary of Weyerhaeuser
[2]Subsidiary of Evans Products

Last year's housing slump in Houston contributed to sales losses at Big Tin Barn, Diboll, Tex., and Walker-Kurth in Houston. Lindsley was a little late getting into the warehouse game and faced aggressive expansion in Florida by Home Depot, Mr. HOW and Scotty's.

Total sales
(decrease in millions of $)

Companies	Loss in millions $
Boise Cascade	–50
Lindsley[1]	–25
Big Tin Barn	–24
Ernst	–15
Foxworth-Galbraith	–10
Everitt Lumber[2]	– 9
Great Plains Supply	– 7
Walker-Kurth Lumber	– 7
Alamo Enterprises[1]	– 5
Busy Beaver	– 4
Elk Supply	– 4
Lampert Yards	– 4

Source: *NHCN* Top 100—Total Sales
[1]Subsidiary of Evans Products
[2]Subsidiary of Weyerhaeuser

Boise Cascade's $50 million retail loss topped the list of dollar volume losers on NHCN's 1984 Top 100. Losses at Lindsley and Alamo contributed to Evans Products' problems, which culminated in an early 1985 Chapter 11 filing.

Buying groups sales up; membership levels off

By John Caulfield
NHCN senior editor

NATIONAL REPORT — Hardware, lumber and building materials buying groups wrote more than $6 billion worth of business with their affiliated dealers last year, a full 14.5% more than in 1983.

With their aggregate memberships growing by less than 3% in 1984, these wholesalers concentrated on devising new marketing services to keep what dealers they had. For several companies this meant developing in-store remodeling and remerchandising programs that would give their dealers a competitive edge against larger home centers and warehouses moving into their markets.

Following the lead of Hardware Wholesalers Inc.'s enormously successful "Do-It" retrofit program, Ace Hardware and American Hardware Supply each developed modified Stores of the Future of its own. Allied Building Stores in Monroe, La., hired Paul Andert away from National Building Centers in Florida to come up with a new store design program for its dealers. And, Our Own Hardware plans to come out with its "How-To" store remodeling and remerchandising program sometime this year, which will include a "mini-warehouse" format, according to general merchandise manager Steve Saefke.

As has been the case for many years, the top six companies—Cotter & Co., Ace, HWI, American, Lumbermen's Merchandising (ELMCO) and Builder Marts of America (BMA)—dominated the field, with 81% of the $6.009 billion in sales generated by the 17 buying groups listed, and 78% of the 25,583 units serviced.

Cotter, which opened a 250,000-sq.-ft. leased warehouse in Denver in April, enjoyed its biggest sales increase in several years, according to its president, Dan Cotter. The company, to expand its membership, is expected to open its Woodland, Calif., distribution center this fall.

American had the biggest sales gain among the big buying groups, in part due to the significant increase it had in its lumber and building materials sales, which accounted for more than 28% of its total volume.

Ace's healthy sales growth resulted from its adding 300 new dealers and 144 new home center retailers to its rostrum, and the company is expected to pass the $1 billion mark sometime this year. Ace opened a new DC in Little Rock, Ark., on Jan. 1, 1985.

Big sales gains were not reserved for only the largest buying organizations, though. Lumber and building materials groups had a banner year in 1984, with BMA's sales rising nearly 25% without any appreciable increase in membership. ENAP and Progressive Affiliated Lumbermen (PAL) did even better with sales up 34.5%. "Our contractor and industrial accounts—everything is up," said Bill Sherry, president of ENAP, whose first quarter, 1985 sales rose 50%, and whose volume is expected to exceed $125 million this year.

Another buying group with thriving sales was Handy Hardware Wholesalers in Houston, which had the biggest volume and earnings year in its history. This feat is even more remarkable when one considers the economic decline suffered by the Sunbelt last year. Despite the area's woes, HHH is budgeted for a 12.7% sales gain this year to $52 million.

Not every buying group's sales were robust, however. Central Builders Supply had a net loss of 50 members to 400 in 1985, and its sales were up only 11%; Our Own's business increased a mere 5%; Gamble's, which was acquired from Wickes Co. last August, suffered a 12% sales decline, and Reserve Supply's business was flat, despite the addition of 48 new dealers.

"It has been a very tough year for anyone doing business in the farm states," said Brian MacKenzie, merchandising vp for Reserve Supply. Nevertheless, this company plans to open

(Continued on page 104)

Hardware, lumber and building materials buying groups' business with their dealers climbed 14.5%, but memberships increased only 3%.

The Top Hardware, Lumber & Building Materials Buying Groups

Rank '84	Rank '83	COMPANY	SALES Total sales (mil. $) '84	'83	% chg.	SALES Lumber & Building mat'ls as a % of sales '84	'83	STORES Dealer stores '84	'83	STORES No. of home centers '84	'83	STORES HC sales as % of total '84	'83	INVENTORY ANALYSIS No. of warehouses (tot. sq. ft.) 1984	Min./max. inventory (mil. $) 1984	Stock keeping units '84	'83	Sales to inventory ratio '84	'83	% of sales from drop shipment '84	'83	CHARGES % charges to dealers out of: • warehouse • pool relay • drop ship '84	'83	EMPLOYEES No. of employees 1984
1	1	Cotter & Co.,[1] Chicago	1,640	1,459	12.4	5.3	7-7.5	7,000	7,000	1,500	1,500	30	30	12 (4.75 mil.)	160	28,000	25,000	5.9	4.8	30	25	5-15 6 2	5-15 6 2	3,000
2	2	Ace Hardware, Oak Brook, Ill.	926	801	15.6	5.0	5.0	4,700	4,400	1,594	1,450	40	38	11 (3.96 mil.)	85-150	38,000	38,000	7.1	7.3	33*	33*	10 6 0-2	10 6 0-2	2,000
3	3	Hardware Wholesalers Inc., Fort Wayne, Ind.	637	558	14.2	30.0	29.0	2,550	2,500	1,552	1,550	50	60	4 (1.7 mil.)	48-53	35,000	34,000	13.0	11.8	56	52	no adder up, depending on cost of handling		630
4	4	American Hardware Supply, Butler, Pa.	619	516	20.0	28.4	23.9	3,800	3,800	1,420	1,400	41	40	5 (1.7 mil.)	47-59	30,000	28,000	11.3	9.9	27	29	5-15 10 0.5	5-15 10 0.5	888
5	5	Lumbermen's Merchandising Co. (ELMCO), Wayne, Pa.	548	457	20.0	80.0	80.3	550	525	50	45	45	45	none	—	—	—	—	—	—	—	—	—	110
6	6	Builder Marts of America,[2] Greenville, S.C.	498	410	24.2	75.0	78.0	1,359	1,309	NA	NA	10	10	none	—	—	—	—	—	—	—	—	—	182
7	7	Coast to Coast[3] Minnetonka, Minn.	310	300	3.3	NA	NA	1,079	1,132	NA	NA	NA	NA	3 (1.1 mil.)	50	28,000	28,000	NA	NA	10	10	NA	NA	900
8	8	Allied Building Stores, Monroe, La.	140	138	1.0	80.0	80.0	150	150	20-25	15-20	20	15	1 (65,000)	12	4,500	4,000	30.0	30.0	80	80	6 NA 15	6 NA 15	40
9	9	Central Builders Supply, Sturgis, Mich.	122	110	11.0	100.0	100.0	400	450	75	75	60	60	none	—	—	—	—	—	—	—	—	—	22
10	11	ENAP, Newburgh, N.Y.	113	84	34.5	100.0	100.0	115	111	62	62	80	80	none	—	—	—	—	—	—	—	—	—	26
11	10	Our Own Hardware, Burnsville, Minn.	105	100	5.0	11.5	9.7	1,000	1,050	400	400	35-40	35-40	2 (650,000)	17-22	35,000	34,000	5.1	4.3	30	27	7-11 6 2	14 6 2	320
12	12	United Hardware Distributors, Minneapolis	91	82	11.5	NA	NA	550	552	30	30	5	5	1 (420,000)	10-15	33,000	33,000	7.0	6.6	12	12	0-11 NA 1	0-11 NA 2	285
13	13	Progressive Affiliated Lumbermen's, Grand Rapids, Mich. (PAL)	67	65	34.5	100.0	100.0	176	176	100	100	60	60	none	—	—	—	—	—	—	—	—	—	13
14	14	Reserve Supply, Minneapolis	65	65	0	70.0	70.0	800	752	110	110	25	25	4 (230,000)	5.7-10	7,800	13,000	8.6	8.6	50	50	NA	NA	178
15	15	Gamble's,[4] Minneapolis	53	60	(11.7)	7.0	3.0	800	700	250	250	65	65	2 (400,000)	11-15.5	20,000	25,000	4.0	6.6	8	14	NA NA 1	NA	300
16	16	Handy Hardware Wholesalers, Houston	46	38	19.7	20.0	20.0	504	440	135	110	25	25	(100,000)	5-6	19,000	20,000	7.4	7.5	25	25	9 NA 1	9 NA 1	110
17	18	Connecticut Hardware Supply, Cromwell, Conn.	9	7	28.5	none	none	58	52	4	4	3	3	1 (35,000)	0.7-1.1	28,000	28,000	7.0	5.6	25	25	NA	NA	14

All figures recalculated for calendar year.

[1]Cotter has re-estimated its sales to inventory ratios for 1983 to better reflect how much stock it is holding in its DCs.

[2]Builder Marts of America is employee-owned and is a dealer-services organization. Above figures for its dealer division.

[3]Coast-to-Coast is owned by Household International, Chicago, and its dealers are franchisees.

[4]Gamble's was purchased by its employees from Wickes Cos. on Aug. 3, 1984. It also sells merchandise to an estimated 1,200 nonaffiliated dealers.

*does not include lumber drop shipments. NA—not available

Source: Company data; *NHCN* research, chart

THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY

Warehouse siphoned off wholesaler business

Wholesalers buying groups

Rank	Company	Sales (mil. $) '84	Sales (mil. $) '83	% change	No. of wholesalers '84	No. of wholesalers '83	Affil. dealers/ total customers 1984 (1983)	% of home centers 1984	Wholesaler warehouses '84	Wholesaler warehouses '83	Aggregate inv. (mil. $) 1984	Sku's '84	No. of employees '84	No. of employees '83	Advertising corporate wholesalers 1984
1	Liberty Distributors, Des Plaines, Ill.	896	850	5.4	24	29	3,500/32,000 (3,500/32,000)	35	52	57	NA	35,000	42	45	$3.2 mil./NA
2	Associated Building Materials, Green Valley, Ariz.	750	800	(6.3)	48	49	none/25,000 (none/25,000)	80	95	99	NA	NA	4	3	NA/$1 mil.
3	Pro Hardware, Stamford, Conn.	678	605	12.1	16	18	5,100/18,000 (4,612/18,000)	38-40	27	26	105	24,000	26	25	$3 mil. +/$1.6 mil.
4	Sentry Hardware, Cleveland	480	500	(4.0)	12	13	NA/4,800 (NA/5,000)	NA	20	19	NA	NA	9	9	NA
5	Allied Hardware Services, Chicago	440	400	10.0	29	29	6,300/19,200 (6,000/20,800)	NA	30	31	53-58	22,500	6	6	$235,000/$500,000
6	Val-Test Distributors, Chicago	400	400	—	32	35	900/5,000 (800/5,000)	5	44	47	60	13,500	9	8	$80,000/$600,000
7	Associated Hardware Services, Gainesville, Ga.	130	125	4.0	24	24	NA	NA	24	24	NA	NA	4	4	none/NA

Source: NHCN research

The seven national marketing groups for wholesalers saw the sales of their members increase only marginally to $3.77 billion in 1984. Most of these firms lost distributors last year, and many increased their advertising and promotional budgets to attract new wholesaler and dealer business. The rankings of the top wholesalers buying groups didn't change from last year as Liberty Distributors, Des Plaines, Ill., again topped the list.

NATIONAL REPORT — The seven major buying groups for wholesalers reported that their members' sales rose only 2.6% to $3.77 billion last year, with one executive claiming that the growth of warehouse retailing was adversely affecting these companies.

"An awful lot of business is being siphoned off by the retail warehouse phenomenon, which does most of its buying direct, and with which most of our wholesalers aren't that strong yet," said Richard Brant, managing director for Sentry Hardware, the 12-wholesaler buying organization in Cleveland, whose members' sales took an estimated dip in 1984.

The seven buying organizations suffered a net loss of 12 wholesale-distributors to 185 in 1984, from 197 the previous year. And, with the exception of Pro Hardware and Allied Hardware Services, there seemed to be virtually no dealer expansion among the wholesalers affiliated with the other companies.

It was, in fact, feast or famine for the buying organizations in 1984. Associated Building Materials, the Green Valley, Ariz., group, saw its members volume dip 6.3% last year, primarily due to the loss of its $70 million Palmer G. Lewis distributor in Auburn, Wash. However, Associated gained another Northwestern wholesaler, "so we're still covered out there," said its vice president Bub McQuilken, who declined to identify the name of this company.

Liberty Distributors lost Salt Lake Hardware, and saw another of its wholesalers, Morley Brothers, go into bankruptcy with its parent, S&T Industries in Louisville.

In addition, a number of mergers occurred in the Liberty network, including Walter Tipps Co. of Austin, Tex., with Wyeth Co., in St. Joseph, Mo.; Gable's in Harrisburg, Pa., was bought by Emery-Waterhouse in Portland, Me., and Harper & McIntire merged with Farwell, Ozmun, Kirk (FOK) in South St. Paul, Minn.

On the other hand, FOK, which for 20 years had serviced a network of dealer franchised, decided to convert all 600 of its "O-K" retailers into "Trustworthy Stores," the name under which dealers affiliated with Liberty sell, on Jan. 1, 1985.

Even though Pro Hardware lost two distributors, it gained an estimated 500 affiliated dealers, and its wholesalers enjoyed the largest aggregate sales increase—12.1%—of any of the other buying organizations.

Allied Hardware Services in Chicago was another group which experienced a correlation between increased dealer affiliation and wholesaler sales. Allied's dealer count rose by 300, and its distributors' volume jumped 10% to $440 million in 1984.

Both Allied and Pro increased their respective corporate advertising last year to attract new dealers and wholesalers. Pro's nearly doubled to $3 million, while Allied's went up modestly to $235,000.

"We've been very aggressive in our marketing program, and this year looks very good for increasing our awareness among new clients," said Gary Cosgrave, Pro's executive vp.

Liberty has maintained its No. 1 ranking among these companies in part by its corporate ad budget, which rose to $3.2

(Continued on page 104)

NEW QUICK-SELLER FROM DURABOND...COMPLETE
■ Ready-mixed patching compound
■ Self-sticking mesh tape
■ Plastic spreader
■ Sandpaper
■ Reusable pail
"TALKING" PAIL!
guide customers every step of the way. From patching dents, cracks and holes to professional repair of textured surfaces. It's part of a full line of DURABOND® surface preparation and joint treatment products, including our new 42-lb pail of ready-mixed wallboard compound—floor and wall adhesives—construction adhesives—waterproofing products —and TEXTONE® ready-mixed textures. Get specifics. Call our one-source hotline: 1-800-323-0645. Or write to us at 101 S. Wacker Dr., Chicago, IL 60606-4385, Dept.
Durabond Division
USG Industries, Inc.
NHCN 585

Buying groups sales up; membership levels off

(Continued from page 101)

a 40,000-sq.-ft. DC in Des Moines, Iowa, and a 30,000-sq.-ft. DC in Rapid City, S.D., this year in anticipation of stronger sales.

Dealers' business played less of a role in one company's sales last year than did natural disaster. Connecticut Hardware Supply incurred $800,000 in damages when a flood ripped through Cromwell and destroyed nearly all the merchandise being stored in the first floor of its warehouse. The company had to shut down for several days, but its sales last year still were ahead 28.5% to $9 million.

Two companies on last year's *NHCN* Buying Groups list went under in 1984. Bay Cities Wholesale Hardware, a 180-member co-op based in Manteca, Calif., saw its business deteriorate to the point where its management decided to liquidate its inventory and physical plant. "The business wasn't terribly solvent, and we were being used primarily as only a fill-in distributor when times were bad," said Brian Paine, a field manager for Bay Cities currently working for California Hardware. He also noted the company was hampered by high interest payments on a new warehouse it moved into two years earlier.

Paine said about 75% of Bay Cities' members were also affiliated with the larger co-ops like Ace or Cotter, "and the remainder were up for grabs. There are quite a few very strong independent distributors in this part of California, and these dealers are more than likely being serviced by them," he said.

KVC Inc., in Winfield, W. Va., was acquired last year by S&T Industries, a wholesaler in Louisville. KVD, with 1983 sales of $11 million, had 140 members, but its business reportedly had been in decline for a number of years. In fact, S&T filed for Chapter 11 on March 19, having made several unprofitable acquisitions of wholesaling companies in recent years.

Among those buying groups which survived and prospered in 1984, several altered their inventory levels and product assortments, although there was no consistent pattern of whether going up or down was the best choice.

American, Our Own and Allied all increased their product assortments in 1984, while Reserve, Gamble's and HHH trimmed back their sku's. Ace appeared to greatly increase its inventory last year, as did American during peak selling seasons. However, other companies held the line, or dropped inventory levels slightly over the year.

Other highlights for the respective companies in this year's buying groups' chart include:

- HWI further increased its lumber and building materials distribution, which now accounts for 30% of its total volume;
- American added 20 new home center accounts last year, and increased its sku count by 2,000;
- BMA had its first fall buying show in Las Vegas, at which it generated $33 million in business;
- Coast-to-Coast began a remerchandising program that will de-emphasize the distribution of such nonhardware items as toys and giftware, and promote its more traditional hard lines offerings;
- CBS developed its "Instant Communications" system which allows participating dealers to electronically hook up with its headquarters and be aware of opportunistic deals from manufacturers. CBS also re-established its coordinated buying and distribution with Belknap Inc., the Louisville hardware distributor;
- United focused most of its expansion efforts last year in Nebraska;
- Gamble's has developed a new MIS computerized inventory management system which Wayne Waldera, the company's president, said was "specifically designed" for bigger chain operations. In addition, Gamble's has just purchased a new truck fleet of 40 trucks and 70 trailers for its "Retail Resource Express" program, in which Gamble's serves as a common carrier for nonaffiliated dealers and wholesalers;
- Reserve Supply added kitchen cabinets to its product mix in September.

For 1985, most executives from these buying groups were optimistic, although none was projecting enormous sales growth. For instance, PAL had the biggest January in its history, "then the bottom fell out of the market," said Bill Danzig, its vice president, who attributed the problems to bad weather, mostly snow.

Laddie Woods, president of Allied, thought his company's health would depend on the renewed prosperity of the petrochemical industry, upon which so much of his market's vitality depends. And Richard Ingram, president of the dealer division of BMA, told *NHCN* he did not expect 1985 to be a booming sales year. "It will be good, but not great," he said.

Warehouses siphoned off wholesaler biz

(Continued from page 102)

million in 1984, something that has not been lost on other buying groups. Val-Test Distributors increased its corporate advertising to $80,000 from $60,000 in 1983, and Associated Hardware Services in Gainesville, Ga., is contemplating the start of an ad program this year. "Competition in this side of the business is extremely tough right now," said Sam Dunlap, Associated's vice president.

This competitiveness, and the soft business its wholesalers did last year, have made executives from these buying groups cautious about revealing their plans for 1985. Cosgrave of Pro, for example, said his company has "a number of things on the drawing board, but none that I can talk about right now."

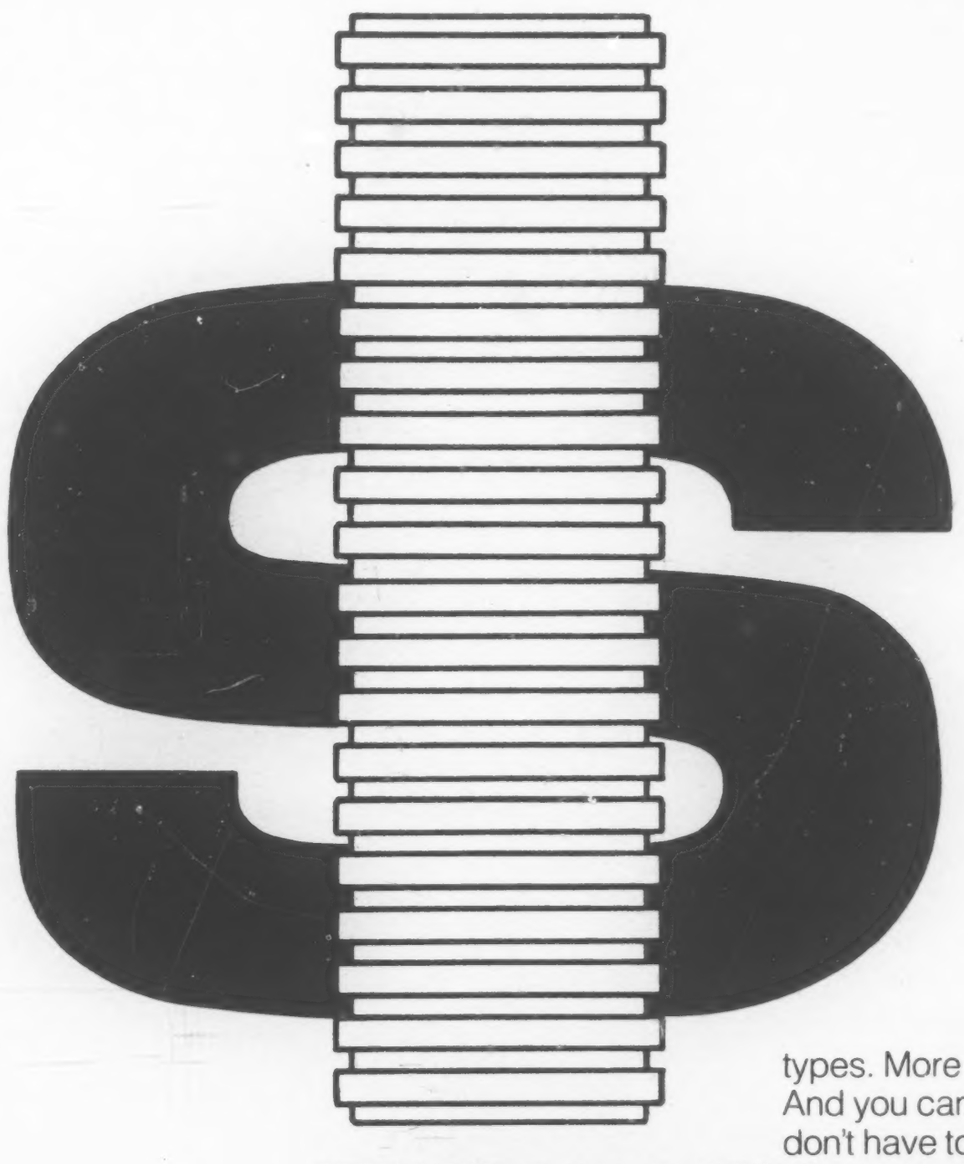
However, Brant of Sentry told *NHCN* that several of its wholesaler-members were looking into the development of a new store layout program, similar to those developed by hardware co-ops like Hardware Wholesalers Inc., and Ace Hardware. "It may even come out as something from corporate, but nothing's definite right now," he said.

Gotta gripe?

SEND US YOUR CARDS AND LETTERS. Voice your feelings, complaints or opinions on what you see happening in the world of home center retailing and in the pages of *NHCN*. Write to: The Editor, *National Home Center News*, 425 Park Ave., New York, N.Y. 10022.

Are you breaking ground for a new store, opening one or remodeling a unit?

If so, send us the name of your chain, store location, unit size, date of opening and a black-and-white photo so we can keep the industry informed. Send information to New Stores, *National Home Center News*, Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.



Put a profitable wrinkle in your pipe sales.

Introducing the corrugated Profit Pipes from Armco.

You'll sell more with Armco pipes, because Armco gives you more to sell. More of the features your do-it-yourselfers want for home drainage and plumbing projects. More pipe sizes and types. More competitive prices.

And you can get pipe when you need it, where you need it—so you don't have to carry a large inventory in your store.

NEW A-2000 Corrugated PVC Sewer and Drain Pipe

DIYs and pros alike will love new Armco A-2000 Corrugated PVC. Its corrugated outer walls give it twice the strength of standard 1500 crush pipe—yet it costs less. Smooth inner walls improve hydraulic efficiency, too. Pipe is available in 4″ to 10″ diameters. The perfect pipe for drainage projects!

Armco HEL-COR Steel Pipe

You can't sell a stronger, longer-lasting corrugated steel pipe than Armco HEL-COR. Its helical corrugations give it extra strength. Its rugged galvanized coating has been proved in decades of performance. HEL-COR is available in diameters from 12″ to 36″, in 16-gage material, in standard 20-foot lengths.

PVC pipe—and a lot more

Armco also is your new single-source for the most cost-competitive plastic pipe... DWV, pressure pipe, CPVC, S&D, SDR 21, SDR 26 and more. All ready for prompt delivery to your store, no matter where you are.

See your Armco Representative for complete pricing and availability information. Or call toll-free:

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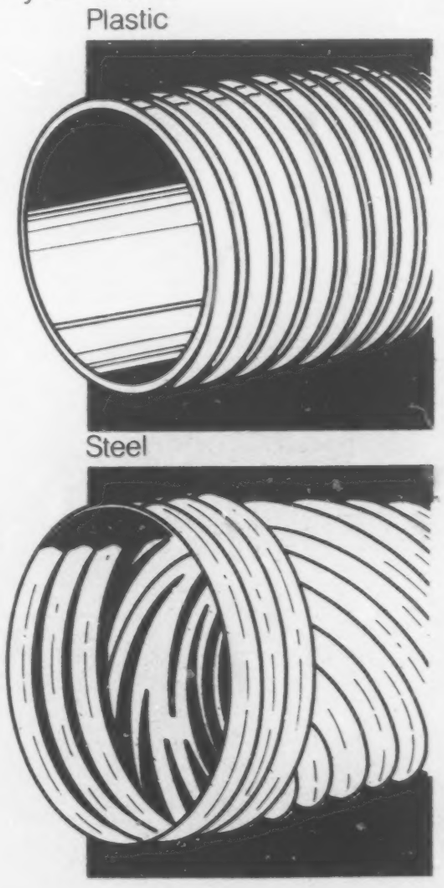


ARMCO

Armco, Construction Products Division, P. O. Box H, Cincinnati, OH 45236.

A 10-year retrospective of the *NHCN* Top Ten

(Continued from page 31)

1976

1976			
Chain	Total Volume (millions)	% DIY	No. of Units
Lowe's	594*	43	158
Wickes Lumber	504	45	262
Evans (Grossman's, Moore's, Alamo)	343	73	247
National Building Centers (Cooper, Ward and Harrington, Warner, Stewart, Lindsley, Pinellas)	323	45	144
84 Lumber	224	60	162
Handy Dan/Angels	154**	100	61
Payless Cashways	134	95	45
Builders Emporium (N.J.)	148	100	56
Diamond International	128	25	61
Central Hardware	112	100	25
Total	2,656		1,213

*Figures for fiscal year ended July 31, 1977
**Figures for fiscal year ended Aug. 31, 1977
Source: NHCN

Lowe's was again the top achiever in terms of total volume in 1976, moving more goods out of fewer units than did Wickes. Evans retained its No. 3 place while National Building Centers (NBC), the subsidiary of Lone Star Industries, Greenwich, Conn., moved up to fourth place.

Lowe's latest prototype store positioned home decorating items up front and placed more emphasis on selling total kitchen and bath packages. More hardware items were also added.

While NBC was able to lure Joseph Reinhardt, formerly with Lowe's, out of retirement to run the chain, he resigned in the summer of that year.

Central Hardware, which appeared on the top 10 list this year, said it would scale down its 65,000-sq.-ft. prototype to 55,000 sq. ft.

At Payless Cashways, changes were made in the executive suite. J. Stanley Covey moved from executive vp to president and ceo, then took over the chairmanship when Robert Lincoln resigned the post. Oran E. Watson became president.

The first home center show debuted in Chicago, in March, attracting some 10,000 retailers and wholesalers. Forecasting dramatic growth in the industry over the course of the next decade, Lowe's Walker held up $1 million, saying, "How many of you have ever seen a million dollars? Well, here it is."

84 Lumber became a coast-to-coast chain by opening its first West Coast units in the California cities of San Jose and Stockton.

In other 1976 news:

- Central Hardware attracted some 290 exhibitors to its first annual DIY show.
- Dealers across the country were scrambling to claim store sites from W. T. Grant, the bankrupt retailer. In the New Jersey towns of Cherry Hill and Cinnaminson, Channel and Builders Emporium fought over some Grant sites. Channel eventually won the sites, but not before a threatened antitrust suit by BE alleging that Channel had bid $280,000 for the leases to "eliminate competition."
- Wholesaler Cotter & Co. said it wanted to add 350 to 500 dealers to its recently introduced precut lumber program.

1977

1977			
Chain	Total Volume (millions)	% DIY	No. of Units
Wickes Lumber	691	35	262
Lowe's	662	38	185
Evans Products (Grossman's, Moores, Hubbard & Johnson, Alamo)	420	70	268
National Building Centers (Cooper, Ward and Harrington, People, Warner, Cashway, Lindsley)	406	32	155
84 Lumber	300	40	200
Diamond International	190	20	61
Payless Cashways	183	95	52
Handy Dan	154	100	63
Handyman	147	100	58
Ernst Home Centers	135	100	44
Total	3,288		1,348

Source: NHCN

The top 10 home center companies posted healthy gains in 1977. Wickes and Lowe's traded places in the No. 1 and No. 2 spots.

Early in the year, the W. R. Grace conglomerate entered the home center business by purchasing Channel, with its 33 stores, and Handy City, with 13 stores. Grace also tried to purchase Ole's, but terms could not be reached.

As the housing industry recovered from its slump, lumber prices skyrocketed. By late summer, prices had risen by some 25% to 30% over a 90-day period.

Gypsum board shortages began to arise across the land. Price increases by as much as 40% over a six-month period were reported.

NBC hired Nicholas Kane, formerly group merchandise manager at Sears, as national merchandise manager for its 144 stores. The company planned to install a common buying program, as well as a common store name: Lonestar Building Centers. (Adoption of the name was short-circuited; see 1979 report.)

Agache-Willot, a French conglomerate which owned the now-defunct Korvettes discount chain, failed in an attempt to acquire Gamble-Skogmo. (Wickes acquired that chain in 1980.)

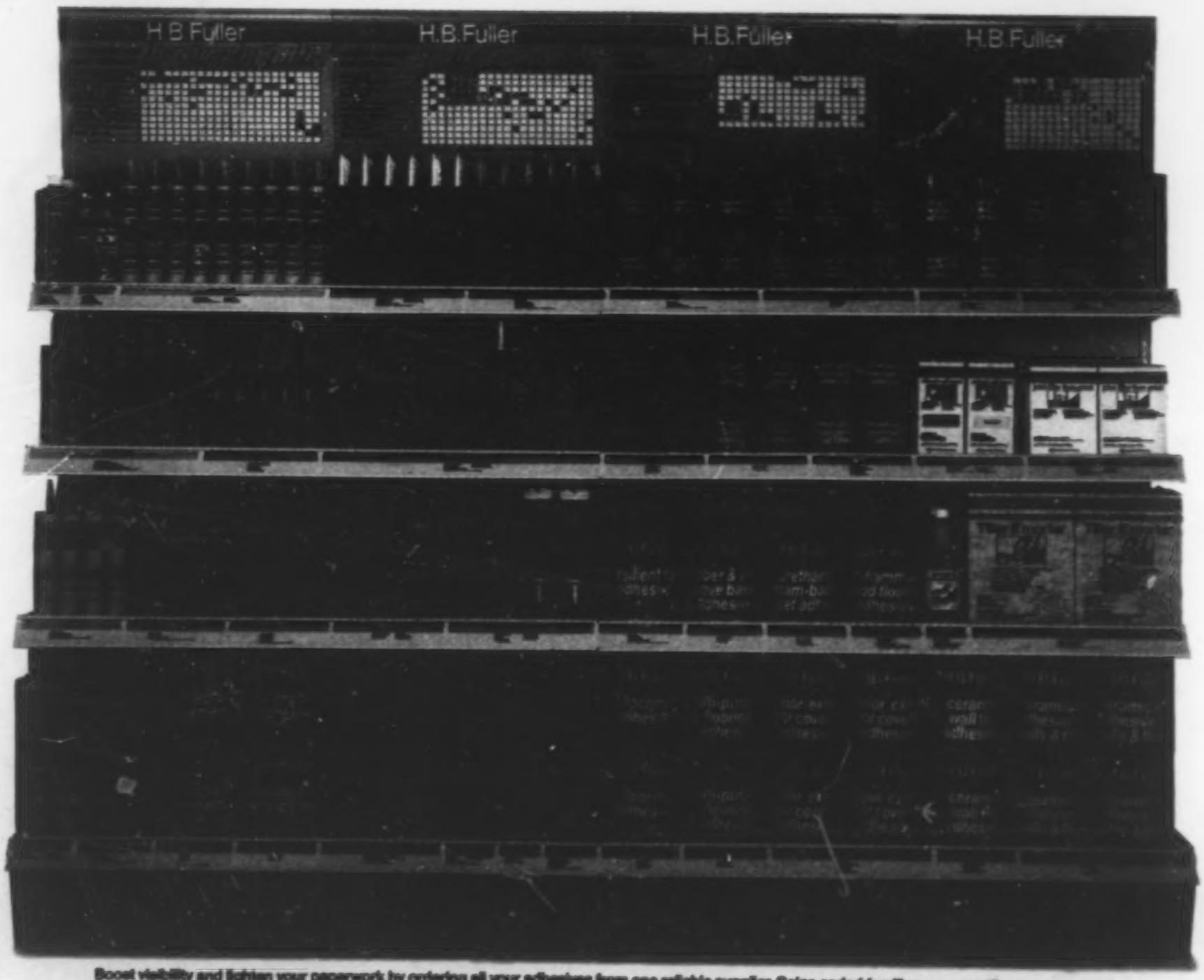
When Forest City held midsummer energy fairs in Chicago and Cleveland, it reflected the nationwide passion for energy products. Fiberglass insulation, in short supply and on allocation, flew out of the stores. So did other energy-saving products.

(Continued on page 107)

Introducing
by Colors

H.B. Fuller adhesives are easy to display, easy to find because products are organized into four color-coded families: construction and repair adhesives (brown); caulks and sealants (red); flooring adhesives (green); ceramic tile adhesives and care products (blue).

The new H.B. Fuller merchandising program that makes adhesives easy to see so they're easy to sell.



Boost visibility and lighten your paperwork by ordering all your adhesives from one reliable supplier. Color-coded families are versatile enough to work by themselves in a 2-or 4-foot display. Or arrange 8-foot, 12-foot or larger displays to create a comprehensive, vertically merchandised adhesive center.

THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY

A 10-year retrospective of the *NHCN* Top Ten

(Continued from page 106)

1978

W. R. Grace made its first appearance on the top 10 chart in 1978, when its acquired chains—Handy City bought in 1976; Channel, 1977—did some $160 million, putting the conglomerate in ninth place. Scotty's also made its first appearance, positioned at the No. 8 spot.

Wickes became the first chain to come within shouting distance of the one billion dollar mark. Its 1978 sales totaled $957 million.

Handy Dan president and chairman Bernard Marcus, and company vice president, secretary and treasurer Arthur Blank, were ousted. Sanford C. Sigoloff, chairman of parent company Daylin, took over as chairman of Handy Dan.

Both Marcus and Blank surfaced later in the year at Homeco, a warehouse home center operation in Lakewood, Calif., founded by former National Lumber vice president and general manager Pat Farrah. A deal planned by the three fell through, and Homeco entered Chapter 11 in October. The following year, all three surfaced in Atlanta to found the Home Depot.

1978

Chain	Total Volume (millions)	% DIY	No. of Units
Wickes (Wickes Lumber, Builders Emporium)	957*	43	309
Wickes Lumber (Wickes)	813	41	NA
Lowe's	793	41	199
Evans (Alamo, Grossman's, Hubbard & Johnson, Lindsley, Moores)	510	71	272
84 Lumber	375	60	219
Boise Cascade	300	20	110
Grossman's (Evans)	290	80	172
Diamond Lumber	220	22	117
Payless Cashways (and Furrow)	248	100	60
Scotty's	201	60	72
Handy Dan/Angels	180	100	68
Handyman	168	100	64
W. R. Grace (Channel, Handy City)	160	98	100
Total	3,932		1,522

*Fiscal year ended June 30, 1978
Source: NHCN

1979

Chain	Total Volume (millions)	% DIY	No. of Units
Wickes (Wickes Lumber, Builders Emporium)	991*	49	323
Lowe's	905	43	209
Wickes Lumber (Wickes)	842	41	270
Evans (Alamo, Grossman's, Hubbard & Johnson, Lindsley, Moore's, Steel City)	632	77	328
W. R. Grace (Angels, Cashway, Channel, Green/Harris, Handy City, Handy Dan, Orchard)	557	90	225
84 Lumber	450	50	300
Boise Cascade	382	30	108
Diamond Lumber	350	25	121
Grossman's	325	85	183
Payless Cashways (with Furrow)	316	100	69
Scotty's	201**	65	74
Sutherland Lumber	190	70	70
Total	4,974		1,827

*$1.4 billion if wholesale operations and overseas sales are included.
**Fiscal year ended June 30, 1979
Source: NHCN

Wickes purchased the 47 West Coast and 12 East Coast Builders Emporium stores from Vornado. Later in the year, Grace bought the East Coast units from Wickes and renamed them Channel.

In other 1978 news:

- Ceiling fans made their first serious appearances at home centers.
- Lawn and garden departments began to produce more volume.
- Home centers offered telephone equipment for the first time.
- Snow throwers enjoyed heavy movement in the industry. In subsequent years lack of snow left suppliers and retailers alike stuck with over-orders.

1979

Wickes again took the No. 1 position, and again was just shy of a billion dollars in sales. It achieved sales of $1.4 billion when wholesale and overseas business is considered. The chain had 323 units.

W. R. Grace made a rapid rise on the top 10 chart, reaching the No. 4 position from its No. 9 spot the year before. Sutherland Lumber, with $190 million in sales, reached the No. 10 position.

The most dramatic news of the year was the sell-off of the 150 home centers belonging to the $500 million National Building Centers, owned by Lone Star Industries, Greenwich, Conn. Various divisions of the company were bought by Boise-Cascade, Cotter & Co., Wickes Cos., and Evans.

Wickes reshuffled its executives, and decentralized decision making to put more management muscle in the field, in an attempt to strengthen its position among consumers. The move came as a reaction to the housing downturn of 1974-75, when contractor sales were hurt.

Lowe's introduced a new credit card system, and a larger prototype store, with a showroom of $13,000 sq. ft. The chain's older stores had showrooms of some 5,000 sq. ft.

W. R. Grace added both Daylin Inc. and Orchard Supply to its fold, merging them into a subsidiary, Grace Retail Inc.

A new home center division, headed by William R. Reilly, was spun off from the retail division of Grace.

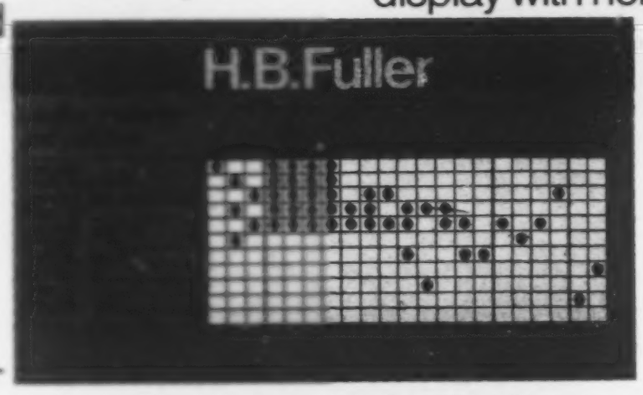
Georges Hanzi, founder and president of Handy City, left that chain but remained with Grace as a consultant.

(Continued on page 109)

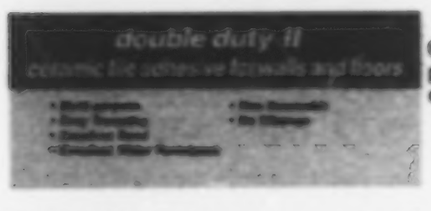
Profit

The first thing your customers will notice about H.B. Fuller products is that they can't help but notice them. Bold colors and eye-catching graphics capture their attention and lead them through four simple steps to the final sale.

Step 1. Our new display header makes the complicated simple. An easy-to-use chart cross-references projects with products to help your customers identify the adhesives, caulks and sealants they need by name and label color.

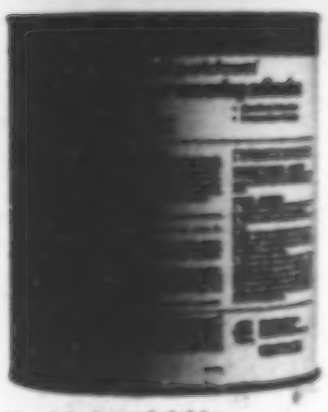


Our easy-to-use display header guides your customers—unassisted—to the right product for their project.



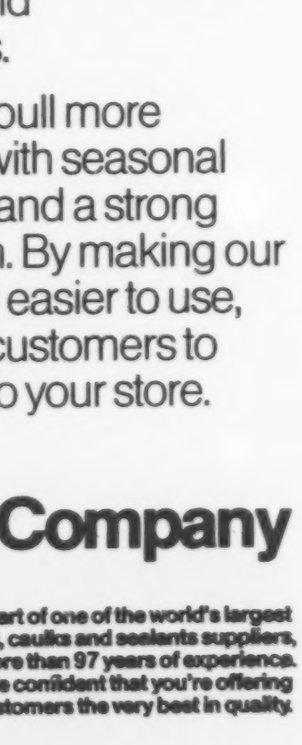
Color-coded shelf talkers make products easier to locate and easier to maintain and re-stock.

Step 2. Once your customers know what they need, color-coded shelf talkers direct them to the product location on your shelves. Shelf talkers make it easier for you to re-stock too.


New labels are brighter, bolder and more informative.

Step 3. Your customers won't have to track you down with questions because we've put the answers right on our new labels. The product name and description is identified with a clean, bold-face type. And on the back of every label, your customers will find simple-to-follow instructions.

Step 4. To complete the sale, H.B. Fuller supplies each display with helpful "How To" literature. Your customers can refer to these comprehensive brochures to plan future projects and purchases.



Because adhesive projects come in all sizes, our products are available in different sizes. Now you can satisfy all of your customers, from the Do-It-Yourselfer to major contractors.

H.B. Fuller even helps you pull more customers into your store with seasonal promotions, new ad slicks and a strong co-op advertising program. By making our products easier to find and easier to use, we make it easier for your customers to bring their business back to your store.

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We're part of one of the world's largest adhesives, caulks and sealants suppliers, with more than 97 years of experience. So you can be confident that you're offering your customers the very best in quality.

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To find out more about the H.B. Fuller new Profit by Colors merchandising program, just send us this coupon for your FREE brochure.

LTPCN0285

A 10-year retrospective of the *NHCN* Top Ten

(Continued from page 107)

1980

Wickes Cos. retained its No. 1 spot in 1980, although sales dropped to $906 million. Lowe's was again in second place, with $884 million in sales.

Sales at W. R. Grace increased by some 27% putting the conglomerate solidly in the No. 3 spot.

While Lowe's gains were impressive, the home building slump was blamed for the chain's failure to reach its coveted $1 billion goal. The company said it would foster more consumer sales by rolling out its RSVP program into 115 units by Jan. 31, 1983. Cost of the retrofit per store was said to be some $100,000.

Lowe's stockholders approved a plan to increase common stock shares from 20 million to 50 million.

Wickes spent some $185 million in cash and stock to buy the Gambles-Skogmo chain early in the year, an acquisition that produced the substantial debt that was a main factor in Wickes 1982 bankruptcy filing.

A decline in net income and a debt-financed expansion program may have precipitated Payless Cashways' replacement of Oran Watson with David Stanley as president of the chain. Stanley's background as executive vp of an investment firm, Piper, Jaffrey & Hopwood, Minneapolis, might have been seen as a major plus.

Boise Cascade slowed its frenetic pace of home center acquisitions in 1980. The chain closed three units where the volume was insufficient to maintain the required level of profitability.

The chain remerchandised 11 Houston-area stores acquired from Lonestar, and renamed them Boise Cascade Building Materials Centers.

1981

Emerging from a tough 1980, home center operators began asking if 1981 would be a shakeout year for the industry. Sales for the year were not significantly higher in most cases than those for 1980, and most companies stayed in their same positions on the top 10 chart.

W. R. Grace surprised the industry by saying it would sell 50% of its home center, sporting goods, western wear and jewelry business to Dutch retailing giant, Vroom & Dreesmann B.V. The idea was dropped later in the year. Frank Denny was named Grace's new home center division president, replacing William Reilly, who left for Macmillan publishing company.

Also early in the year, Asa Jennings was brought aboard Wickes as director of planning for the home center operation. He was formerly vice president-administration for Terry Building Centers, Tarzana, Calif.

Home Depot went public in August. The chain, which was then two years old, had four stores in Atlanta at the time, and offered 600,000 shares of common stock through Bear, Stearns & Co.

In other 1981 news:

- Robert McNulty was named vice president merchandising and operations at Grace.
- Wickes Lumber cut 20% of its staff in October, but also opened its first "super home center" in Dickinson, N.D.

(Continued on page 117)

1980

Chain	Total Volume (millions)	% DIY	No. of Units
Wickes Cos. (Wickes Lumber, Builders Emporium)	906*	53	342
Lowe's	884	48	214
Wickes Lumber (Wickes)	761	43	280
W. R. Grace (Angels, Cashway, Channel, Green/Harris, Handy City, Handy Dan, Orchard)	707	90	249
Evans Retail (Alamo, Grossman's, Hubbard & Johnson, Lindsley, Moore's, Steel City)	693	83	345
84 Lumber	505	50	320
Payless Cashways (incl. Furrow)	383	100	78
Boise Cascade	356	47	103
Grossman's (Evans)	350	90	200
Diamond Retail	300	25	126
Scotty's	246	69	81
Ernst Home Centers (Ernst, Pay 'n Save, Von Tobels)	217	10[illegible]	69
Total	5,197		1,927

*$1.3 billion if wholesaling activity and overseas sales are included.

Source: NHCN

1981

Chain	Total Volume (millions)	% DIY	No. of Units
Wickes Cos. (Wickes, Builders Emporium)	972*	55	340
Lowe's	888	46	229
Wickes Lumber (Wickes)	807	47	278
W. R. Grace (Angels, Cashway, Channel, Handy City, Handy Dan, Orchard)	794	95	264
Evans Products (Alamo, Grossman's, Hubbard & Johnson, Lindsley, Moore's)	756	84	348
84 Lumber	550	55	350
Payless Cashways (incl. Furrow)	479	95	100
Grossman's (Evans)	387	92	204
Sutherland Lumber	350	70	74
Boise Cascade	326	47	96
Scotty's	294	70	83
Diamond International	277	28	124
Total	5,686		2,008

*$1.4 billion if wholesaling activity and overseas sales are included.

Source: NHCN

No matter how your customers cover windows, Kenney's got you covered.

Practical Pam . . . nouveau Norman . . . thrifty Thelma. Bring on the choosiest customers. The more diverse and demanding they are, the more they'll be pleased by the complete Kenney collection of window fashions. The same Kenney products that are proven sellers in the nation's top department stores.

Over 3,000 SKU's of drapery hardware, shades, vertical, pleated, wood and mini blinds and the sensational new micro blinds — in a whole range of colors and materials. If it's made, it's made better by Kenney.

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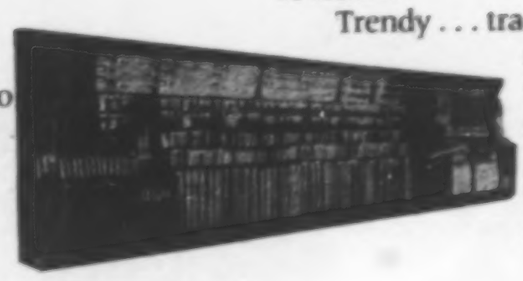

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THE *NHCN* ANNUAL REPORT ON THE HOME CENTER INDUSTRY

Manufacturers sing an upbeat tune in 1984

By Ronald R. Gurczynski
NHCN associate editor

NATIONAL REPORT — While the top 100 home center retailers increased their 1984 sales revenue by 18% according to the *National Home Center News* annual report on the home center industry, the manufacturers that supply the industry reported similar sales success for last year.

In a survey of the top 50 manufacturers conducted by the American Hardware Manufacturers Assn., 96% of the respondents reported sales increases in 1984. Those sales increases averaged 17%, while profits increased by 20%.

"The remarkable increase in profitability is the result of really sustained and effective efforts by manufacturers to reduce costs," said John Baker, AHMA manager of member services. The Schaumburg, Ill.-based organization also reported that many members were very optimistic for 1985.

"Naturally, there were variations on the theme, but most home center suppliers reported much better sales and earnings in 1984 than in 1983," said Salomon Brothers analyst Barbara Alexander. "Repair and remodeling activity was strong last year and housing was better."

What makes the manufacturers' financial results even more impressive is that the companies increased sales and earnings in a period of low inflation. As John Baker pointed out, this implies improved operations and marketing efforts on the part of suppliers.

> *'Naturally, there were variations on the theme, but most home center suppliers reported much better sales and earnings in 1984 than in 1983.'*
>
> **—Barbara Alexander**
> *Salomon Brothers vp*

"We had a record sales year last year and I attribute much of that to better planning and more aggressive merchandising on our part," said Dick Fuchs, president of The Enterprise Companies of Wheeling, Ill. Enterprise, which supplies paint to such home center retailers as Lowe's, Courtesy and O'Malley's, saw 1984 sales rise 20% over 1983.

"What's very interesting here is that the manufacturers couldn't raise their prices, yet they were able to boost their results for the year," said Alexander adding that roofing remained a problem in 1984, but earnings for roofing manufacturers were improved.

Many manufacturers reported record breaking performances. At Dallas, Tex.-based National Gypsum, sales were up 52%, and profits shot up 116% to set new records. All time sales and earnings highs were also reported by The Stanley Works, of New Britain, Conn., with sales up 18% and earnings up 37%, and by Black & Decker of Towson, Md., where earnings were up a huge 142%, with sales ahead by 37%.

A big boost to sales and earnings figures in 1984 came from the healthy U.S. economy, where more people held jobs and their income was aided by a low rate of inflation. The national unemployment rate dropped to 7.2% in December 1984, while the inflation rate stayed below the 4% level. In addition, by Dec. 31, 1984, the prime lending rate—the interest rate banks charge their most credit worthy customers—had stopped at 10.75%, lowering the cost of borrowing for businesses and consumers. More importantly, from a building materials standpoint, mortgage rates hovered near the 13.1% mark by year-end, providing greater incentive to would-be home buyers.

Building Materials

Building materials, which make up 21.3% of net sales in retail home centers, according to the National Retail Hardware Assn./Home Center Institute, enjoyed a healthy 1984. Building materials manufacturers did well by shifting partially away from dependence on new residential construction toward more commercial uses of their products.

Standout performers in profitability included Chicago's USG, up 132%, and National Gypsum, up 116%. "The good results of the gypsum companies reflects the strong demand for gypsum in the commercial sector," commented Barbara Alexander. "It's being used more and more in commercial construction, it's not subject to attack by imports and there's not a lot of excess in the world."

Lumber

The year 1984 was not a great one for lumber suppliers, however. Still, forest products companies, like Georgia-Pacific, that are diversified into other lines of building materials or in paper and packaging, faired better than their more lumber oriented competitors.

The industry was dogged by depressed lumber prices throughout the year. Prices were kept low by overproduction and a strong U.S. dollar that made less expensive Canadian lumber more attractive to lumber buyers. The strong U.S. dollar also hurt much of the lumber companies' export business by making U.S. lumber more expensive compared to native production.

Many manufacturers closed lumber mills and plywood plants to limit production, while the Federal Government came to the rescue by allowing manufacturers to buy part of their way out of their timber contracts. In addition, the U.S. Forest Service moved toward timber contract terms that should end speculation on National Forest Timber sales.

In 1984, some companies continued their moves away from a strict lumber orientation and toward paper and packaging. For example, in 1978, Southwest Forest Industries reported that 52% of its sales were in wood, while in 1984, 25% of sales revenue came from lumber and plywood sales.

Problems in wood products last year caused Champion International of Stamford, Conn., and Dallas-based International Paper to report deficits for the year. But despite all of the industry's red ink, overall profits were up, particularly in those

(Continued on page 112)

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Out of mind.

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GUSDORF.

Industry suppliers sing upbeat tune in 1984

(Continued from page 110)

companies heavily involved in pulp and paper.

Profit winners included Georgia-Pacific of Atlanta, with a 237% increase in earnings; New Orleans-based Louisiana-Pacific, up 51% and Potlatch, of San Francisco, with an increase in earnings of 23%. Georgia-Pacific's increase parallels the high earnings recorded by other companies involved in paper and packaging like Mead, Jefferson-Smurfit and P. H. Glatfelter.

Hardware, Hand and Power Tools

Demand for hand tools, which usually lags one or two years behind housing demand, was strong in 1984. Hand tool manufacturers had a profitable 1984 and securities analysts are forecasting more of the same for 1985.

"In the do-it-yourself end of the market, sales have been increasing at a rate of about 20% a year," said David Liebowitz, analyst at The American Securities Corp.

The Stanley Works, of New Britain, Conn., recorded record profits last year while sales and earnings were up at Louisville, Ky.-based Vermont American.

But at The Easco Hand Tools Division of Springfield, Mass., which supplies Sears, the story was different.

Although sales were up 12% for the year at Easco, the parent company, slumping activity in hand tools drove the firm to report a $9 million loss for 1984. The company has been squeezed by costs related to modernizing several tool plants and by holding on excessive inventories.

At Stanley, sales were up 18%, to $1.2 billion and earnings were up 37% to $72.3 million. Stanley's hand tools sales increased 11%, while the firm's entire consumer division—which includes hand tools, consumer hardware and garage door openers—saw profits rise 28% with sales for the consumer division at $431.5 million, an 8% increase over 1983.

"Nineteen hundred eighty-four was a pretty good year for Stanley and 1985 looks decent," said Mike Flament, analyst at New York City-based Wright Investors. "About three years ago Stanley management committed itself to reducing costs and improving productivity, looking toward the upcoming major challenge of foreign imports. Imports are not a threat at the moment, but they could possibly cause future problems."

Flament added that both Stanley and another tool maker, Snap-On-Tools, have good long-term records and he expects both firms to post 10% earnings increases in 1985.

Vermont American, a large manufacturer of power tool accessories, reported an 18% increase in 1984 sales to $225.9 million. Profits jumped to $17.1 million, a 22% increase over 1983's earnings.

At Black & Decker, located in Towson, Md., Consumer Products division sales, which make up 78% of the company's consolidated sales since the acquisition of General Electric's Housewares division, were up 36% in 1984. Without the G.E. purchase, those sales would have risen 10%. Profits for the Consumer Products division were up 142% over 1983. Black & Decker president Lawrence Farley attributed the firm's 1984 performance to the success of new products, like the M47 line of power tools, and cost cutting efforts. In addition, strong economies around the world provided a favorable environment in which to do business, Farley added.

Plumbing, heating and cooling

In plumbing, heating and cooling, 1984 saw substantial increases in the demand for plumbing fixtures and fittings, fireplaces and doors because of a fairly healthy homebuilding year. But earnings of some companies, like American Standard, were impacted by the strength of the U.S. dollar on overseas markets.

At the American Standard Co. of New York City, profits companywide were up 68%, with sales up 60%. In the Building Products division, which supplies products to home center retailers, division sales were up 5%, to $780 million, while profits rose 6%, to $83 million.

"In the Building Products area, American Standard had difficulties in terms of the strong dollar in foreign markets," said Ihor Pendakiwskyj, analyst at Wright Investors. "Their foreign 'china' business, sinks, lavatories, tubs, were a problem abroad. But, we like the company and we're looking for 7% earnings growth this year." Pendakiwskyj said there were many changes at American Standard last year—the firm acquired Trane and sold its construction machinery and business for publishing businesses.

Waxman Industries, of Bedford Heights, Ohio, reported year-to-date sales for 1984 were up 109.7%, to $40.9 million, while earnings rose 20%, to $1.2 million. Indianapolis, Ind.-based Masco, parent of Peerless Faucet, recorded an 8.7% increase in 1984 profit, to $115.9 million, while sales declined to $1.02 billion, down 3.8%.

Paint and home decor

Many of the paint manufacturers, like The Enterprise Companies, racked up increased revenues and profitability. De Soto had sales revenue of $407.4 million, a 22.7% increase over 1983, while its profits rose 10.7%, to $19.6 million. And Sherwin-Williams of Chicago recorded a 17.3% jump in profitability, at $65 million, as the firm's sales climbed 5.2% to $2.075 billion.

At Lancaster, Pa.-based Armstrong World Industries, where 53% of its sales come from flooring, 1984 net sales rose 9%, to $1.6 billion, while profits increased 43% to $156.6 million. Wooster, Ohio-based Rubbermaid had an 18% increase in both revenue and earnings for 1984—sales were $566.4 million and earnings were $46.9 million.

Clopay Corp., in Cincinnati, Ohio, recorded $134 million in net sales last year. Charles Howard, Clopay's marketing communications manager, said his firm's Household Products division realized sales of $93.1 million and earnings of $4.2 million. That's a 9.5% growth in sales and a large 40% growth in earnings.

"All window coverings did well, especially window shades. Our new line of steel garage doors also performed nicely," added Howard.

Fred Kandel, sales vp at Philadelphia-based, privately held Delval Lighting, said, "We had a substantially good year. We added several new home center customers and we showed increased sales in existing home centers." Kandel sees "major gains again for 1985

Outdoor power equipment

Makers of outdoor power equipment had a good year in 1984, with substantial increases in most major product categories. "We recorded a 13% increase overall in shipments of outdoor power equipment," said John Liskey, director of statistics for the Washington, D.C.-based Outdoor Power Equipment Institute. Liskey added that manufacturers have gotten smarter in marketing the newer safety features found on today's outdoor power equipment, features that were mandated by the Federal Government in June 1982.

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G ☐ Electrical
H ☐ Bldg. Supply materials/tools
I ☐ Heating/cooling
J ☐ Outdoor Living
K ☐ Sporting Goods
L ☐ Paints/sundries
M ☐ Wall coverings
N ☐ Floor coverings
O ☐ Ceiling products
P ☐ Lumber/plywood
R ☐ Furniture: KD, outdoor, indoor
S ☐ Major appliances
T ☐ Kitchen cabinets
U ☐ Bathroom fixtures

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B ☐ Home Center
C ☐ Lawn & Garden/patio
D ☐ Mass Merchandiser/ Disc. store
E ☐ Lumber/Bldg. supplies
F ☐ Automotive supplies
G ☐ Other _____

NUMBER OF STORES
H ☐ One store
I ☐ 2 - 4 stores
J ☐ 5 or more stores

TOTAL ANNUAL SALES
K ☐ up to $500,000
L ☐ $500M to $1,000,000
M ☐ 1 to 5 million $
N ☐ If over 5 million, indicate to nearest million

TYPE OF OPERATION
O ☐ Co-op/Member Dealer
P ☐ Independent
R ☐ Chain

NH-1

A 10-year retrospective of the *NHCN* Top Ten

(Continued from page 109)

1982

For the home center industry, the year 1982 brought two major events: Wickes declared bankruptcy and Evans was placed on the block.

At the same time, evidence of positive growth appeared. Lowe's reached a coveted goal when it became the first chain to top $1 billion in sales. And, Pat Sher announced late in the year that he would start a new chain of major warehouse-type home centers, to be called HomeOwners Warehouse.

Wickes' acquisition of Gamble-Skogmo in 1980 was seen as one of the major factors leading to its bankruptcy in April of 1982. The company had accumulated over $1.98 billion in debt by the time it filed for protection under Chapter 11.

The Evans Retail home center group was place on the block because of its health rather than because of losses. Its parent company—Evans Products—was experiencing losses from its shelter products, forest products, and custom-built home divisions.

Late in the year, Woolco went out of business, in the process making its sites available for future expansion by warehouse home center operators.

Payless Cashways bought a number of stores from Brookhart Building Centers, Colorado Springs, Colo., and additional units from Dunlap's, which was owned by Southwest Forest Industries.

In other 1982 news:

- Somerville Lumber opened its second store.
- Robert McNulty resigned from Grace; Georges Hanzi was named president of Homecrafters.
- W. R. Grace divested itself of Green/Harris.
- Payless Cashways bought Lumberjack, the California chain.

1983

Home center chains experienced strong recovery in 1983, a year that also saw the rapid growth of warehouse home centers.

Lowe's not only experienced its second "$1 billion plus" year in a row, but increased its sales by some 38%, pulling well ahead of second place W. R. Grace, which became the second chain to join the billion dollar club.

Wickes, which had dropped from first to fourth place in 1982 following its bankruptcy, showed a 37% sales increase.

Pay 'N Pak purchased Bonanza Building Centers from Burns Phelp, an Australian conglomerate that had bought the chain from W. R. Grace just two and a half years before.

Lanoga purchased eight Wilamette units, a move that came on the heels of its acquisition of the five-store Lumbermen's the previous spring.

Pat Sher sold then one-store HomeOwners Warehouse, now called Mr. HOW, to Service Merchandise for $14 million in stock.

Frank Denny rolled out his new HomePro Warehouse, while W. R. Grace brought a lawsuit against his company, Home Centers of America, alleging that he and other former Grace employees developed their new company while on Grace's payroll.

Payless Cashways acquired Hugh M. Woods, which had sales of $85 million in 1982. The move gave Payless dominance in the Denver market.

1982

Chain	Total Volume (millions)	% DIY	No. of Units
Lowe's	1,034	55	235
W. R. Grace (Angels, Cashway, Channel, Handy City, Handy Dan, Orchard)	875	96	273
Evans Products (Alamo, Grossman's, Hubbard & Johnson, Lindsley, Moore's)	790	88	341
Wickes Cos. (Wickes Lumber, Builders Emporium)	618*	61	297
Payless Cashways (incl. Furrow)	603	95	100
84 Lumber	600	60	354
Wickes Lumber (Wickes Cos.)	507	50	239
Grossman's (Evans)	350	95	174
Sutherland Lumber	345	90	75
Scotty's	324	77	100
Boise Cascade	310	50	93
Channel (Grace)	260	100	91
Hechinger	241	100	34
Total	5,740		1,902

*$971 million if wholesaling activity and overseas sales are included.

Source: *NHCN*

Knox Lumber, National Lumber, Homecrafters Warehouse, and Mr. Goodbuys, all announced they would go public. However, one-third of Mr. Goodbuys was later acquired by Vendex International, formerly Vroom & Dreesmann.

1983

Chain	Total Volume (millions)	% DIY	No. of Units
Lowe's	1,431	51	238
W. R. Grace (Angels, Cashway, Channel, Handy City, Handy Dan, House Works, Orchard Supply)	1,025	95	286
Evans (Alamo, Grossman's, Hubbard & Johnson, Grossman's West, Lindsley, Moore's)	928	85	345
Payless Cashways (incl. Furrow, Lumberjack)	864	95	118
Wickes Cos. (Wickes Lumber, Builders Emporium)	848*	57	282
Wickes Lumber (Wickes)	687	45	226
84 Lumber	630	60	374
Boise Cascade	440	40	85
Sutherland Lumber	423	90	82
Grossman's (Evans)	413	92	175
Handy City/Handy Dan/House Works (Grace)	401	100	131
Scotty's	399	68	105
Channel (Grace)	330	100	98
Hechinger	310	100	41
Total	7,298		1,956

Some figures on the above chart may not match those on the 1983 column of the new top 100 chart in this issue. The latter chart includes figures that have been restated by designated chains to reflect sales that would have been made by companies they purchased during 1983-84.
*$1.3 billion if wholesaling operations overseas sales are included.

Source: *NHCN*

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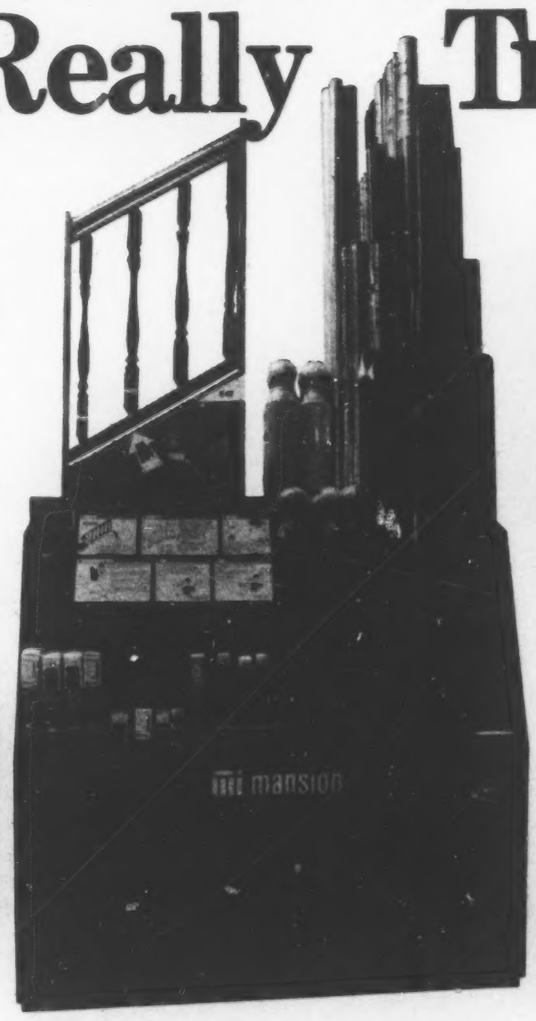

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NLBMDA meeting focuses on growing deficit

(Continued from page 16)

the mortgage revenue bond program, according to material distributed by the NLBMDA at the conference, are that it is "ill-targeted," "ineffective" and that "abuses in the program run rampant."

Another tax issue—the proposed elimination of interest deductibility on second homes—raised similar concerns.

Support for the measure—which would limit deductions for all interest paid except on principle residences—came despite the possibility that it may "take away incentive to build second homes" and "increase taxes," according to Martin.

Horrocks, playing devil's advocate, noted that the elimination "encourages savings and discourages borrowing," because taxpayers would be required to "offset consumer interest deductions with interest earned in checking accounts and CDs."

Not surprisingly, much of the opposition to the proposed elimination was voiced by dealers from Southern states, where a considerable number of second or vacation homes are built.

Minnesota dealer, Roger Scherer, however, spoke out in favor of barring second home interest deductions, noting that "everyone wants a balanced budget and tax reform but nobody wants to pay for it."

Although Scherer's position garnered considerable support, the dealers still voted 60 to 82 against the Treasury's proposal.

The proposed elimination of Farmers Home Administration (FmHA) assisted housing programs also generated heated discussion on Federal spending.

As proposed in the Reagan Administration's 1986 budget, rural housing programs—including subsidized mortgage loans for single family homes and rental unit construction—would be eliminated for two years and reinstated through the Department of Housing and Urban Development.

According to Martin, continuation of the program at current levels would "cost about $2.6 billion in FY 86."

Martin also pointed out that in 1983 "18% of all FmHA housing loans were in default."

On the other hand, Horrocks noted that "at the end of 1981, FmHA had provided over 1.6 million homes for single-family homebuyers" and a total of "$5 billion worth of investment."

The final vote of 86 to 57 was in favor of supporting continuation of FmHA housing.

In contrast, a vast majority of dealers voiced support for a two year moratorium on HUD housing programs.

HUD programs could be eliminated without a serious effect on home construction because "a very small percentage of builders directly benefit from this extremely expensive program," according to a NLBMDA fact sheet.

Not surprisingly, the proposed elimination of tax-free employer-provided benefits drew broad opposition from dealers.

The tax reform, as proposed by the Treasury Department, calls for limiting tax free employer-provided health insurance and eliminating the exclusion for many other tax-free fringe benefits.

Despite Horrocks' point that the exemption amounts to a loss of $66 billion a year and "causes overconsumption of benefits," only a fraction of the dealers supported the tax reform.

Among the arguments for maintaining the tax free status, according to Martin, are that the elimination would "destroy the benefits of the President's three year cuts" and is a "hidden tax increase."

Dealers were in strong agreement, turning in a vote of 15 to 127 in favor of maintaining tax-free employer-provided benefits.

Highlighting the overall theme of the conference, lumber and building material dealers voted unanimously to continue support for the Grace Commission's recommendations.

FUTURES

Two weeks ended April 4, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '85	131.50	122.50	131.50	124.20	4,144	225.00	121.10
July	140.90	131.80	140.90	133.80	2,447	230.50	129.30
Sept.	147.40	137.80	147.40	139.60	901	197.50	135.50
Nov.	148.60	140.30	148.60	141.50	869	186.10	137.80
Jan. '86	154.40	146.00	153.80	147.00	234	187.30	144.60
March	160.00	150.50	159.30	151.50	63	188.20	149.00
May	163.00	155.50	163.00	155.00	31	164.50	153.00

Total Contract Vol. (Through 4/4): 15,911 — Previous Two Weeks: 20,468
Total Open Interest (As of 4/4): 8,589 — Previous Week: 8,230
Cash Price: $129.36 — Previous Week: $125.44 — Year Ago: $170.52

CME—Chicago Mercantile Exchange

Open interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

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Super Saver Warehouse plans six additional units

MONROE, La. — The year-old Super Saver Wholesale Warehouse Club headquartered here will add six more stores this year to its single unit now located in Shreveport, La., said Jim Howard, executive vp and coo.

The store openings will begin in June and run through the rest of the year. They will be followed by another six to eight new locations slated for next year, he added.

Super Saver Wholesale Warehouse Club is a wholesale buying club selling a host of home improvement products including ceiling fans, lighting fixtures, auto supplies, hardware, hand tools, power tools, housewares, small and large appliances and electronics plus office supplies, some furniture and groceries, including frozen foods and dairy products. All merchandise is name-brand.

Each unit is or will be 105,000 sq. ft. carrying 4,500 to 5,000 stock keeping units. Margins are between 10% and 12%.

Although open in Shreveport only since last October, Howard said the Monroe, La.-based company will confine its expansion to the South, from Texas to South Carolina.

The company's new stores will be located in Mobile, Ala.; Montgomery, Ala.; Huntsville, Ala.; Little Rock, Ark.; Jackson, Miss., and Baton Rouge, La. Sites for Super Saver's 1986 openings have not yet been finalized, Howard said.

Each Super Saver store costs about $3 million to open, including inventory. Sales per unit are projected to be about $300 per square foot or approximately $31.5 million a year.

All Super Saver buildings are leased, built-to-suit units on 10 to 12 acres of land.

Super Saver Wholesale Warehouse Club is an A. Howard Wholesale Company, a family-run business.

The Howards were the founders of Howard Discount Stores in the late 1950's. That 80-unit operation is no longer a family business. It was sold to Gamble Skogmo in 1978 and then acquired by Wickes Co. in 1980.

L&G Expo slates speakers, topics for '85 seminars

LOUISVILLE, Ky. — The following speakers and topics have been chosen for seminars at the International Lawn, Garden and Power Equipment Exposition, to be held here between July 29 and 31.

- "Guest Relations: The customer is king," will be held from 8 a.m. to 8:50 a.m., July 30, with Kristi Peterson of K. E. Peterson & Assoc., a consulting firm specializing in guest/customer relations training.
- "Develop greener pastures: Successful Dealer Promotions," a panel discussion to be lead by selected dealers, from 9:10 a.m. to 10 a.m. on July 30.
- "Make your store a real powerhouse: Recognize your customers' needs," on Wednesday, July 31, by Tom Stoneback, director of marketing for *Organic Gardening* magazine.
- "Take advantage of the new tax laws," by Bart Basi, president of The Center for Financial and Tax Planning Inc., on July 31, from 9:10 a.m. to 10 a.m.

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1984: A year of consolidation in a growing, vibrant industry

(Continued from page 28)

made up 14.7% of the total retail lumber, building materials and hardware dealers sales, compared to 14.2% in 1983.

Three companies—Payless, Evans Products and Wickes—joined Lowe's in the $1 billion sales club last year. But, while Wickes emerged from its three-year Chap. 11 ordeal, Evans—despite a strong showing by its Retail Group—was unable to pay off its enormous bank debt, and was forced into bankruptcy early in 1985.

Sales increases industry-wide were remarkable for two reasons last year: One was that the home center industry was coming off a year in 1983 when its Top 100 chains enjoyed sales gains of 24%. Secondly, the sales increases this year were "real," as opposed to being fueled by inflation, which rose only 4% in 1984.

Much of the industry's growth last year is also attributable to the revitalized housing market, which was strong for most of the year and finished at around 1.8 million unit starts.

And a sizable portion of the industry's sales increases in 1984 came from the warehouse chains. Home Depot, Builders Square, HomeClub and Mr. HOW Warehouse were among the warehouse companies which registered enormous volume increases in 1984, primarily due to their aggressive store expansion efforts that, by all estimations, will become even more ferocious in 1984.

The markets into which these, and other home centers, are expanding, and the kinds of store formats chains developed for future growth last year, were significant barometers of where the industry will be headed through the rest of the decade.

For one thing, the nation's economic recovery has made the populous Frost Belt markets more attractive to expansion-hungry home center chains, particularly at a time when Sunbelt cities like Dallas, Houston and Phoenix are saturated with high-powered stores beating on each other daily.

The Columbus and Cincinnati, Ohio, markets have already arrived as the new industry battlefields. And Chicago, Cleveland, Detroit and possibly even Boston promise to be hotbeds of home improvement activity in 1985, as several chains—including Home Depot, Builders Square and Mr. HOW—have either announced expansion plans into these areas, or have expressed some interest in opening stores there.

Chairmen Frank Denny of Builders Square (left) and Bernard Fauber of K mart: Expansion will have repercussions throughout industry.

NHCN photos

There seem to be few areas of the country left where home center chains *won't* expand, as it appears the age of regionalization—when local companies rarely ventured outside their own backyards—is dead and buried.

Hechinger has already made clear its long-term goals of emerging from its being a mostly Washington-based chain to one with stores reaching as far north as Canada and as far west as Indiana. Payless and Lowe's, as mentioned, broke through their traditional regional barriers through acquisitions. And Home Depot has already opened its West Coast offices, and will open several stores in California in 1985.

With so much consolidation and expansion occurring, many companies were scrambling to open larger, warehouse-type stores in order to pre-empt the entry of larger chains using similar formats into their markets.

The warehouse phenomenon has come a long way from when many in the industry thought Home Depot to be a fad in 1979. Fifteen of the industry's top 25 chains experimented with warehouse retrofit or prototype programs last year, including many regional companies such as Hechinger, Central Hardware, Rickel, Grossman's, Moore's, Lindsley, Pergament and Busy Beaver, which also sold off its 12 smaller contractor yards to former president Jack Fagan.

Other companies such as Lowe's, Sutherland Lumber, Elliot's Hardware, Payless and Scotty's, while not specifically employing in-store warehouse racking or bulk displays, greatly enlarged their newer stores in order to stock and display a wider range of products in a way that would be competitive with warehouses.

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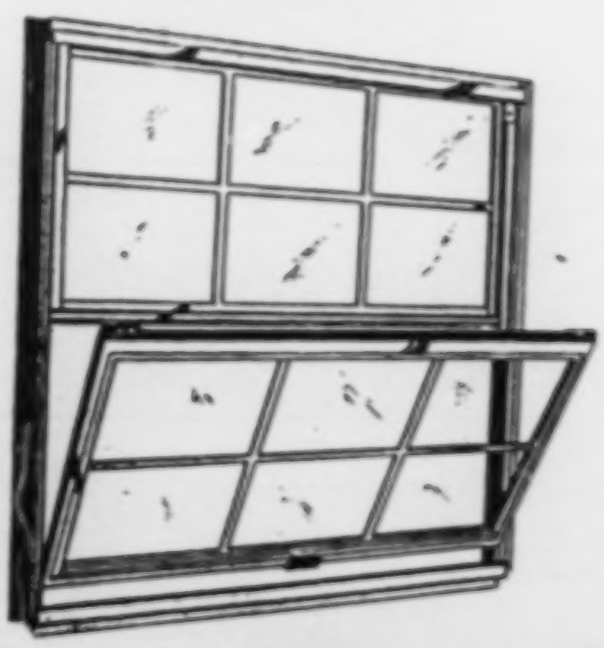

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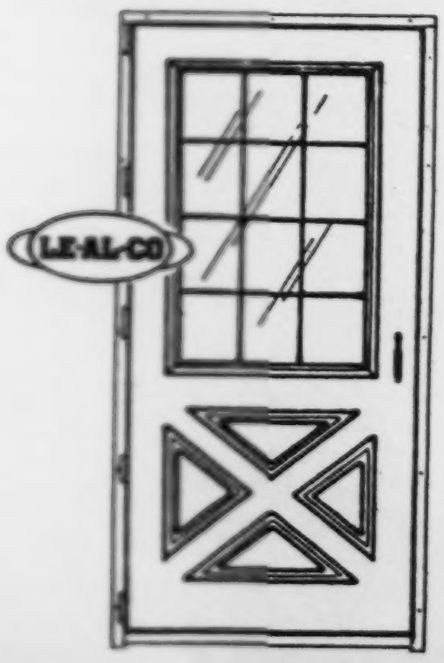

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HOME CENTER TRIVIA

Answers from Trivia, Page 12

"WHO'S WHO"

1977

"MERGERS & ACQUISITIONS"

$19.4 million

"AD ANGLES"

Builders Emporium-West

"HOT PRODUCTS/ MERCHANDISING"

Knockdown furniture

"COMPANIES"

Hechinger

"FACTS & FIGURES"

Three

Evans names finance exec to head retail group

(Continued from page 1)
that the bankruptcy court of the southern district of Florida has approved a motion which places vendors who resume normal shipping and credit terms with the company on "superpriority" status, which guarantees payment for all merchandise distributed after the Chapter 11 filing. On March 20, the $50 million loan from the banks for the operation of the retail stores, which had been approved by the court earlier that month, was executed.

Immediately in front of Evan's officials is a May 10 deadline on whether it wants to retain the leases it holds on its retail groups, or sell them off. (This deadline, 60 days after the filing, is one of the new provisions written into the Bankruptcy Code.) Mark said no decision about the leases has been made, but he doubted that the company planned to close more than a few stores, if any. Another job ahead of the company will be to satisfy vendors clamoring for more detailed financial data on Evans' three retail subsidiaries: Grossman's Inc., Lindsley's Inc., and Steel City Inc. The dearth of information appears to be slowing down the bankruptcy proceedings.

Already a stumbling block has tripped up early negotiations between the trade creditors and Evans officials over how much money the retail stores should be required to pay for the operational expenses of the corporation.

The home centers had been contributing about $1.1 million a month to the corporation for its administrative, legal and operational costs. However, vendors on the trade committee as well as the 22 bank lenders have sought to place a $750 thousand per month ceiling on all corporate S&GA (selling and general administrative) costs incurred by the chains, and to limit those payments to 60 days. No petitions to this effect have been filed with the court, however.

Trade and bank creditors called for reductions in the monies available to the corporation around the same time two standing reports about Posner's using funds from his foundering companies for the personal aggrandizement of himself and his family were published in *Forbes* magazine and the *Wall Street Journal*.

Vendors' suspicions about what Posner might be up to at Evans were further aggravated when Koppersmith insisted the chains needed to ante up $950 thousand a month for expenses over a longer period of time.

This served as proof to some that Koppersmith was more concerned with Posner's interests than those of the retail group, and prior to his appointment as president, there were some discussions among suppliers to have him removed from the management committee whose other members are executives from Evans' retail chains, and be replaced by a bail-out specialist.

How serious this contribution debate is remains to be seen though, particularly in light of Koppersmith's new position on the management committee which essentially remains intact as the company's representative. "I find it hard to believe that this is going to be a major issue for a company with over one billion dollars in sales," said Mitchel Perkiel, an attorney for Evans from the New York law firm Levin, Weinstraub and Cranes.

Negotiations have been moved forward by the release on March 17 of Evans Products' fourth quarter and annual, 1984, results, in which it reported total revenues of $1.4 billion but a net loss of $31.2 million, inclusive of an $18.2 million gain on the sale of discontinued operations in the second quarter. This compares with the $63.9 million loss the company suffered in fiscal 1983.

For the fourth quarter, the company actually showed earnings of $3.2 million on $376 million in sales, vs. a $38.9 million loss in the previous fourth quarter on $283 million in revenue.

Evans' retail businesses had sales and other revenues of $1,075,136,000 for the year, up 15.9% over the 1983 figures, and its volume from retail stores in the fourth quarter alone rose 18.8% to $282,694,000. However, the retail division's operating income was off 28% to $49.8 million for the year and 21.7% down from the fourth quarter.

Industry's sales surge pauses in 1st quarter

(Continued from page 1)
The heady sales basis established in 1984—with February posting a 27.8% annual gain alone—had promised to make even a strong 1985 appear modest in comparison.

However, while poor weather was partly to blame for lower-than-expected February sales, few expected sales to take such a dramatic pause.

Significantly, February marked the first month since September 1982 that the growth in retail building material sales failed to outpace the growth of all United States retail sales, since, after factoring out automotive sales, were up 5.9% in February to a monthly seasonally adjusted total of $87.5 dollars. Building material and supply store sales for the month represented $4.2 billion of that total, according to preliminary figures from the Department of Commerce.

Hardware store sales meanwhile, rose 4.8% to $810 million in February, down slightly from January, but running more closely in line with 1984's performance. Total hardware store sales last year increased 5.4% to $9.5 billion, a pace that fell significantly below the 8.3% growth rate of all retail sales, which excluding the automotive group, totaled $1.02 trillion in 1984.

Home center retailers generally see the first quarter slowdown as more of a pause than a fundamental weakening in sales.

Lowe's, for instance, posted a 21% sales increase in March, to $146.1 million, while Payless Cashways reported a 30% gain in sales for the five weeks in March to $127.3 million. Comparable store sales however, reflecting the pattern of the quarter, rose 12% in March for Payless, following a 4% gain in January and zero growth in February.

Stephen Lightstone, Payless' chief financial officer, noted that a six-week stretch of unfavorable weather made a significant impact on first quarter sales. "We've looked at our daily sales and you can track [the weather] to the day."

Nevertheless, retail and financial analysts are observing a general softening in consumer durable spending.

Salomon Brother's vice president Barbara Alexander pointed with concern to recent revisions on personal income. "What the figures showed is that after-tax income has not been keeping up with the strength of the economy. That may only be a function of people not getting their tax refunds," she said, referring to this year's massive delays at the IRS in processing tax returns.

The question remains, however, she said: "Will spending resume or will consumers begin saving to offset substantial consumer debt?"

The fact that consumers have finally embraced disinflation and are now willing to wait for the right deal without fear that prices will go up, Alexander observed, has made that question more difficult to answer than in the past.

In the background are several additional concerns:

- The inventory of unsold homes at the end of January reached its highest level in nearly five years with a seven-month supply of homes at current sales rates, compared to a 5.4 month supply a year ago. The fact that demand has failed to match the gradual rise in home affordability has led some analysts to conclude that consumers are shifting their investments into other assets besides housing.
- Lumber prices continue to slide sharply. Despite some strengthening in the last quarter of 1984, prices for such staples as S-P-F 2x4 studs are selling at ¾ of the price they were commanding a year ago, which translates almost directly into significantly lower retail lumber sales.
- Taken together with a 15% lower level of home building activity in the first quarter compared to last year, and an 8 point drop in the Consumer Confidence Index in March to 88.1 (1969-1970 = 100), building material retailers face a tough challenge in rallying first half figures to match last year's performance.

Nevertheless the ambitious expansion plans of the nation's home improvement retailers promises to show a 10% to 12% total sales gain over 1984, by *National Home Center News* estimates.

That rate of growth would put retail building material, hardware and supply store sales well ahead of the growth rate of all retail stores, which are expected to grow between 4% and 6% in 1985 resulting in year-end sales of $62 billion dollars compared to 1984's total of $59.3 billion.

Top 10 lift Top 100 to $17B in '84 sales

(Continued from page 1)
larger, established chains like Hechinger, Dixieline, Moore's, Grossman's and Menard's had healthy, if not as spectacular, sales years. The increases at Moore's and Grossman's was further evidence of the general strength of Evans Products' Retail Group, despite the corporation's filing for Chapter 11 this March.

With so much consolidation going on in the market, there was more room on this year's listing for some of the more successful independents to take their place among the industry leaders. Stripling Blake, Wolf, M. L. Claster's, Hancock Lumber, Rigg's, All-American, Budget Power and Sackett & Peters were companies not on last year's chart whose sales rose sufficiently in 1984 to place them within the Top 100 home centers in total sales.

But the sales picture wasn't as bright for the 26 companies on this year's chart whose sales rose 5% or less. In fact, six of these chains—including Gee Lumber, City Mill and Neiman-Reed, all located in markets (Chicago, Honolulu and Los Angeles) where warehouse stores sprung up—showed no sales growth in 1984, while another 16 companies suffered volume declines.

In the case of Boise Cascade, its 11% sales dip caused it to drop out of this year's Top 10 ranking.

Nevertheless, the home center industry continues to emerge as one of the primary growth segments in all of retailing. Last year, sales from the top 100 companies were 28.8% of the $59.3 billion in total retail volume generated by all lumber, building materials, hardware and supply outlets nationwide. This figure compares favorably to the 28.2% of the total the same companies represented in 1983.

Seventy one per cent of these 100 chains' sales came from consumer, or do-it-yourself, purchases, slightly above the 70% in 1983. Interestingly, while the top 10 chains in the industry got 75% of their total volume from consumer sales, that figure was down a percentage point from a year ago, an indication, perhaps, that contractor sales had picked up as a result of a strong year in the housing market.

Leaner Great Plains positioned to withstand farm woes

(Continued from page 1)
it layed off 200 employees and pared down inventory to help reduce the debt incurred through its expansion of the 1970's, and to lessen current operating costs.

Although the results of the measures are still too early to calculate, Rod Smith, public affairs director for Harvest State Cooperative, parent company to Great Plains, said, "There seems to be an optimism that it's going to help. It's going to affect the whole operation, not just Great Plains."

Smith added that despite the early stages of the company's cost-cutting initiative, the immediate results suggest that "things are on a more even footing. Great Plains is surviving."

According to Sellner: "We are lean and can sustain a few more years of this."

The company has been streamlining its operations for several years now. Great Plains' peak size, 124 units, was reached in the early 1970's.

In 1984, company sales were $73 million. This year, Sellner said company projections are running at $45 million.

No more store closings are expected. Most of the laid-off workers have been hired by other companies in their areas, kept on by "many" Great Plains former store managers who bought their units from the cooperative, or moved from those towns, according to several sources.

The 41 closed installations and their 200 employees are located in small towns—some have just 600 people—in Iowa, Nebraska, Minnesota, North Dakota, South Dakota and Montana, all the company's markets. Last year these units recorded individual sales of between $650,000 and $2 million.

Withdrawing from these areas did not eliminate Great Plains Supply from these states, just reduced the store count.

Of the 41 remaining units, 16 are located in North Dakota, 10 are in Iowa, 9 in Minnesota, 3 in South Dakota, 2 in Montana and 1 in Nebraska. These yards are expected to produce annual sales this year of between $650,000 and $3 million each, said Sellner.

The 41 units the company closed earlier this year were selected "because we didn't feel the markets would improve in those areas. They either had losses or were projected to lose money," Sellner explained.

Great Plains Supply, a division of Harvest State Cooperative of St. Paul, is a diversified cooperative business located in farm communities.

The "prime reason" Great Plains closed 41 stores in January was because it was operating with borrowed money. "We wanted to convert it to cash," said Sellner.

Financial troubles arose at Great Plains when "inflation left the building materials business," he commented. "It hurt us. Consumers no longer had an incentive to invest."

The company borrowed and invested heavily in its expansion in the 1970's and got snagged in the early 1980's when inflation dropped and the economic recession set in.

Sellner added that during the years of high energy costs, people left many of the Midwestern farm communities for the Sunbelt. This followed by high interest rates, the farm problems and a strong dollar amounted to "Farmers losing their ability to borrow as land values declined."

Over the last few years, and in preparation for the recent store closings, Sellner said Great Plains pared its inventory to reflect the slower times. It did not eliminate any lines, just reduced their depth.

Although it has not liberalized credit terms to its customers, as many retailers in farm communities have done in their desperate attempt to maintain sales and hold onto their businesses, Sellner said Great Plains is more tolerant of customers paying more slowly on their accounts.

Inventory doesn't turn as quickly either. "The turns slow up as soon as the farmers pull back," he noted.

While the national economy goes through its stages of recovery, Great Plains will work at reducing its debt "so it isn't so much a part of our operating expenses" and increasing its appeal to the hobby farmer and light commercial accounts. It will do this through increased advertising, Sellner said.

This year the St. Paul-based company will spend slightly more for its advertising, 1.7% of sales compared to the 1.6% of sales it spent in 1984.

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Kitchen & bath supplement:
Computers revolutionize design—pp. 29-56

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Store Wars: Scotty's hits 'hot corner'

Joins Depot, Lindsley, West on crossroads of 'Home Center U.S.A.'

By Wyatt Kash
NHCN editor

ST. PETERSBURG — The competitive furor of the home center industry reached new heights earlier this month as Scotty's officially joined Home Depot, Lindsley and West Building Materials on what is now the densest home center retailing corner in America.

The corner lies where 22nd Avenue North crosses 34th Street North on the eastern side of St. Petersburg.

And, with the grand opening May 2 of Scotty's newest and largest store, a 75,000-sq.-ft. six-acre facility, it now offers St. Petersburg shoppers over 200,000 sq. ft. of home center selling space—within shouting distance.

(Continued on page 74)

Scotty's, Home Depot and West (Buildarama) compete for shoppers within a one-block stretch of St. Petersburg, across the street from a Lindsley Home Center (not pictured). NHCN photo

Walker-Kurth out of business; ailing chain liquidating

By Milford Prewitt
Special to NHCN

HOUSTON — The Walker-Kurth Lumber Co., one of Houston's most recognized and oldest home center chains, is going out of business after 34 years, company officials recently announced.

Citing chronic unprofitability, company spokesmen said the chain's inventory will be liquidated through general sales and the buildings housing its five retail outlets—including one in Killeen, a Houston suburb—will be disposed of through normal real estate transactions.

"The Walker-Kurth Lumber yard will no longer continue to operate," said Bob Gehrt, a spokesman for Sante Fe Southern Pacific Corp. of Chicago, a diversified energy, transportation, forestry and real estate conglomerate that has been Walter-Kurth's parent for about 15 years.

"Walker-Kurth had been losing money for a long time, despite our best efforts," Gehrt said. "It's a small operation in comparison to our overall organization and it was our only retail operation."

Some of Walker-Kurth's Houston-based competitors and other industry observers believe that the small home center chain was adversely affected by the city's severe decline in housing construction, and had failed to accurately identify its market.

Walker-Kurth executives declined to be interviewed for official comment about the firm's misfortune and referred all inquiries to the Santa Fe spokesman.

(Continued on page 74)

Dealers getting creative with big-ticket financing

By Elizabeth Brent
NHCN field editor

NATIONAL REPORT — In just five months since General Building Products introduced its interest-free kitchen promotion, kitchen sales have tripled, according to Bob Mayer, treasurer at this four-unit company where 1984's kitchen sales represented 12% of the company's $29 million total sales.

This is just one example of a growing trend among home centers to offer creative financing in the competitive race for the consumer. On-the-spot credit approval, and in-store easy financing now includes 90-day interest-free loans, $1,000 instant credit, as well as long term fixed rate loans and private label credit cards.

In the last 12 months, Somerville Lumber, based in Somerville, Mass., Peter Kuntz Building Centers in Dayton, Ohio, and Wolohan Lumber in Saginaw, Mich., all in-

(Continued on page 72)

Levy's unwraps 100,000-ft. unit; 'angles' to stave off competition

By Phillip M. Perry
NHCN senior editor

CLARKSVILLE, Ind. — As part of a larger effort to build a 10-store chain by 1990, Levy's Lumber and Building Centers opened the largest store in its history in this Louisville, Ky., suburb on April 18.

With a 100,000-sq.-ft. showroom that is over twice the size of previous units, and bold new merchandising presentations that take off in new directions from the company's more traditional home center look, the Clarksville store provides a clear view of how the new Levy's will firm up its market position in the face of growing competition.

"We like what we have in Clarksville," said Phil Levy, president of the chain that moved close to $20 million out of three units last year. "We think we have a formula that will work, and we are going to roll it out to all of our stores."

While Levy's has dominated the market around its headquarters city of Louisville for decades, new competition has moved into the area over the past six months and more is apparently on the way. Furrow's has opened two of four announced units. One of the units which opened earlier this year is located just a mile from Levy's new unit. Two Homecrafters Warehouses have opened. Builders Square has said it will open two warehouse operations. Long time operators in the area include five 84 Lumber units, two Lowe's (one of which is a quarter mile from the new Levy's and another of which is the largest Lowe's in history), one Wickes Lumber, and several independents.

Levy family members at store's April 18 grand opening. From left: Jim Levy, merchandise mgr. for plumbing and electricals; William Levy, vp; Sally Levy, director of personnel; Phil Levy, president, and Steve Levy, merchandise mgr., lawn and garden. NHCN photo

In the face of growing competition, Levy's will spend close to $6 million over the next two years sprucing up its three older units to include some of the merchandising concepts introduced in Clarksville. The company expects to sign a lease by the end of this month for its fifth unit—in a location as yet undisclosed—as part of a larger effort to open six additional stores with similar merchandising concepts over the next five years to firm up its position in the market.

While Levy did not pinpoint locations of the forthcoming stores, he indicated they would most likely be located in western Kentucky (but not necessarily in the Louisville market), and in the southern portion of Indiana, a state which Levy's entered for the first time with the Clarksville unit.

Levy also noted that each of the new stores should have showrooms of from 80,000 to 100,000 sq. ft., and would likely achieve volumes of from $10 million to $15 million, while maintaining the 80% sales ratio to consumers that is traditional with the company.

Levy's spent a year renovating what was formerly a CSC discount store into a prototype of the new Levy's in Clarks-

(Continued on page 74)

NEWSBREAKS

McCOY'S EXEC DIES IN CRASH. Dennis McCoy, 28, vp-operations for McCoy's Building Centers, San Marcos, Tex., was killed May 1 when a company-owned two-engine jet crashed in a fog outside Brownwood (Tex.) Municipal Airport. Also killed in the crash was the pilot, Gene Thornton, 48.

MENARD'S ENTERS NEW MARKETS. The 25-unit chain will open 68,000-sq.-ft. warehouse units in Rockford, Ill., and Grand Forks, N.D., in July, and by year's end will open warehouses in Racine and Sheboygan, Wis., and two in Des Moines, Iowa, with plans for two more there in spring 1986. Also, 18 existing units have been renovated to warehouses.

Payless tightens corporate reins —Page 2
Winter Hardware Show cancelled —Page 3
Ace unveils private label credit card —Page 3
Handyman eyes higher profile if spinoff succeeds —Page 5

NHCNews Briefs

Industry Update

Forest City sale info disclosed

CLEVELAND — Forest City Enterprises disclosed that it expected to receive a total of $18,095,000 for the five Chicago area warehouse home centers sold earlier this year to Service Merchandise, Nashville, the parent company of Mr. HOW Warehouse.

In addition to an initial payment of $12,235,000 received Feb. 25, Forest City later received an additional $1,860,000. Service Merchandise also agreed to pay another $4,000,000 for the stores, in installments over a four year period, commencing March 1, 1986.

Forest City, which announced the sale of its Chicago units in early February (*NHCN*, Feb. 11), disclosed the terms in a Form 8-K subsequently filed with the S.E.C.

Passaglia leaves Grace

BREA, Calif. — The elimination of the senior vp-operations post held by Richard Passaglia at Grace Home Centers West is the latest aftershock in the continuing consolidation of management following the Ole's Home Centers acquisition.

Passaglia, 45, had been named senior vp-operations in December 1984. Previously, he had been senior vp-marketing for Grace's western region since August 1983. Before that, Passaglia held several positions with Wickes Cos., including gm of its Toy World specialty chain, managing director of Wickes Europe and gmm of Wickes Lumber.

Hechinger opens third whse

LANDOVER, Md. — Hechinger opened its third DIY Warehouse location, in Columbus, Ohio, last month, marking the Landover-based retailer's entry into that state.

Located on Morse Road in Columbus, the new Hechinger store is the 47th unit in the chain.

The company's 46th store also a warehouse, opened in Greensboro, N.C., a week before the April 19th opening of the Columbus unit.

The opening of the Columbus store is part of Hechinger's previously announced plans to add 20 new stores in 24 months. Hechinger also is looking to open new stores in western Pennsylvania, Delaware, New Jersey, South Carolina, Long Island and upstate New York.

DIY maturing but still growing

NEW YORK — By 1990, about 80% of America's households are expected to be involved with do-it-yourself activity, twice as many than in 1965.

The statistics, presented last month at the DIY Research Institute's fifth annual Investment Community Seminar, indicate that, "the do-it-yourself industry is, indeed, reaching the maturity stage of its development."

A presentation to about 200 industry executives by Dr. Bert C. McCammon Jr., of the University of Oklahoma, suggested factors are converging that indicate the market will remain strong.

- DIY is second only to TV as America's favorite leisure pastime.
- Real DIY sales growth will increase at 5.4% to 8.4% annually through 1990, depending on whose research is used.
- Affluence is growing as is the 35-to-54 age group, prime home improvers.
- Housing turnover should continue to increase.

McCammon, drawing his analysis from a wide variety of reports, concluded that "the DIY industry is moving into a period of sustained, high-level demand."

He added that "with favorable demand and marketing commitment we will have a period of relatively high profitability, like in the late 70's."

Achieving those levels, however, "will be neither easy nor automatic." It will require power retailing and power marketing, he asserted.

Wickes Cos. completes offering

SANTA MONICA, Calif. — Less than 90 days after its emergence from Chapter 11 bankruptcy proceedings, Wickes Cos. completed an offering covering $533 million of preferred stock and subordinated debt. The proceeds will be used to retire about $125 million in debt and to make an unspecified "major acquisition," a company spokesman said.

Wickes has hinted for several months that it was in the market to acquire another business, in part to utilize tax advantages under net operating loss carry-forward provisions of the law.

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Vol. 11, No. 11 May 20, 1985

Stanley blames fast track growth for Payless' lackluster earnings

NEW YORK — "Execution" and "disciplne" were the key words used by Payless Cashways officials to describe their plans to turn their company's lackluster earnings around during the rest of 1985.

Security analysts gathered here on May 3 heard Payless' chairman David Stanley concede that "in 1984, we grew too fast," and "it stretched the organization in every possible way." The Kansas City-based chain's earnings last year fell 9% to $37 million on $1.18 billion in sales, and in the first quarter, 1985, the 164-unit chain suffered a 51.5% decline in net income to $1.56 million on sales of $254.9 million, a 22.3% gain.

Consequently, the company in recent months has installed a number of new "systems" which appear to signal far more corporate control over Payless' buying, product mix and advertising.

The responsibility for implementing these changes has been placed in the hands of John Herron, Payless' executive vp and now its second-ranking official with the departure of Harlan Seats just a few days before this analysts meeting.

"We've never really had a retailer at the top of our management," said Stanley in his introduction of Herron, who joined Payless last October after more than 25 years with the J. C. Penney and T.G. & Y. chains. "His background is retailing, and his principal portfolio is execution, where our major sales growth will come from."

Herron, who joked about the interpretation of the word "execution" if his plans didn't work, spelled out what he saw as Payless' main flaws, and what was being done to correct them.

"Our in-stock was hampering our business," he said, indicating that the chain's inventory levels were too high in anticipation of winter sales that did not materialize due to bad weather.

Payless' comparable store sales in January rose only 4%, and were flat in February, so the company mandated a policy which prohibited store managers from reordering merchandise in departments where they were "overbudget" in their stock, without district or regional approval. "We told the guys that your 'checking account' is only so large, and we didn't want them taking on products they already had enough of," said Herron in an interview with *NHCN*.

The results of this policy were that, in the months of March and April, the company was able to reduce its inventory levels by $80 million. And the weather, which Herron blamed for most of Payless' sales weakness in the winter, let up, and revenues in March rose 30% to $127.3 million (with comp-store volume up 12%). In April, sales increased 28% to $122.1 million, with comparable stores up 11%.

"Last year, at this time, we were $25 million under our sales budget," said Steve Lightstone, Payless' vp-finance. "Now, we're only $2 million under, and our year-to-date sales are up 25%, 10% comp-store. I think John has brought discipline to our company, and we're going to be more predictable in

(Continued on page 73)

Harlan Seats resigns post as executive vice president

KANSAS CITY, Mo. — Harlan Seats, who for many Payless Cashways employees is the embodiment of the company, resigned from his post as executive vice president as of May 1.

Seats, 51, who joined Payless in 1966, had seen his responsibilities erode over the past several months after former T.G. & Y. executive John Herron was hired as the chain's second executive vp. Herron will assume most of Seats' responsibilities, including the management of its more than 11,000 employees. However, vp-merchandising John Breedlove will not report to David Stanley, Payless chairman, president and ceo, as will vp-marketing Dale Pond, who had already reported to Stanley.

"When Harlan leaves, there is a vacuum," said Stanley in a recent interview with *NHCN*.

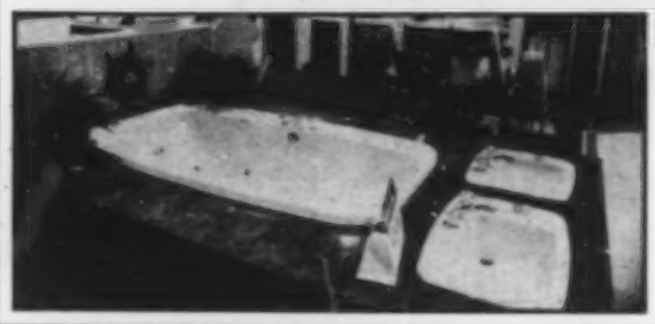
Harlan Seats

"It is without question that Harlan has made substantial contributions over the years. He is the person who recognized that we were a chain, and put that format into place,

(Continued on page 73)

Highlights in this issue

Merchandising Supplement: Kitchen & Bath



- *Computers revolutionize kitchen design.* —Page 29
- *Brass accessories gain ground in bath market.* —Page 33
- *Consumers trading up to higher-end tub walls.* —Page 34
- *Marketing stimulates tub wall & door category.* —Page 40
- *Appliances robust sales offset by low margins.* —Page 42

Advertising & Marketing

- *Two of the largest building material manufacturers unveil sweeping repackaging efforts.* —Page 21
- *Nursery Council expands advertising plans.* —Page 21
- *Refinements slated for International Lawn Garden & Power Equipment Expo.* —Page 21
- *Videotex advertising broadening.* —Page 21
- *New window trade group plans expanded activity.* —Page 24
- *Multimedia package helps retailers use co-op dollars.* —Page 24
- *Homeowners bare the truth about their unsightly kitchens in Sunshine Do It Yourself Centers' "Ugly Kitchen Kontest."* —Page 26

Index

Ad Angles	21, 26, 27
Calendar	60, 61
Classified	70, 71
Editorial	8
Financial News	4, 5
Home Center Trivia	12
Housing Watch	10
Lumber Report	18
New Products	62-64
New Stores	65
New S&O Products	58, 59
People	12, 17
Price Point Survey	59
Security/Shortage Control	56
Washington View	8

Systems & Operations

- *Wickes Lumber, the contractor-oriented subsidiary of Wickes Cos. Inc., is scheduled to computerize its Douglasville, Ga., store within the next month, making the facility the third lumberyard in the chain to install a new prototype computer system.* —Page 49
- *When the local 84 Lumber unit in Cleveland holds a window sale this coming summer, its staff will benefit from a new point-of-sale computer system.* —Page 52

FINANCIAL NEWS

33 Gainers

6 Unchanged

15 Losers

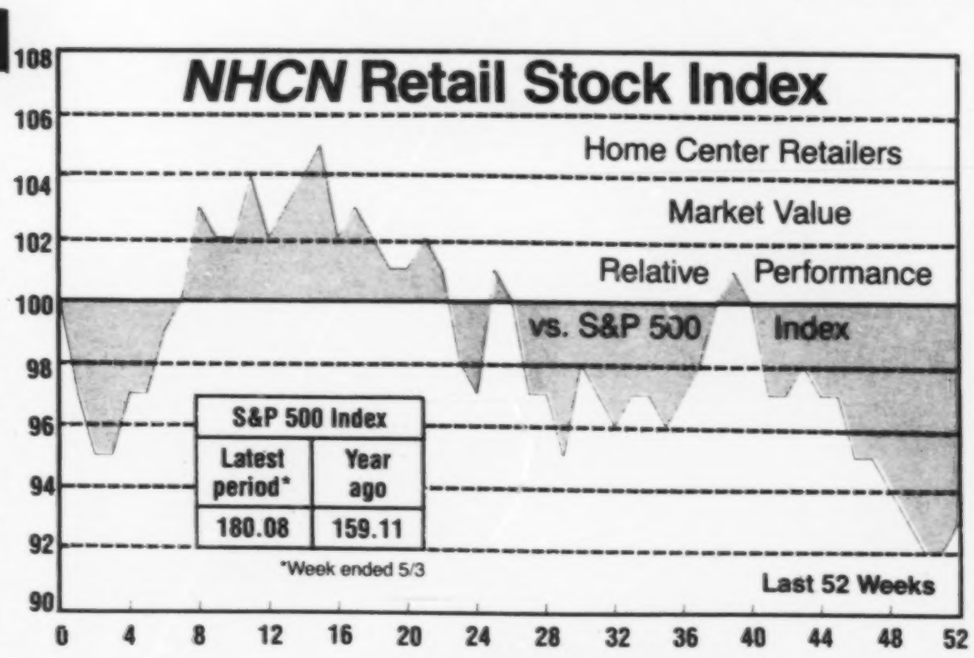
Home center stocks continued their uneven performance since the early part of 1985 as the number of losing issues more than doubled winners, 33 to 15, for the two-week period ended May 3. Six stocks were unchanged.

Homecrafters Warehouse continued a yearlong decline as its stock price fell 6.3% to close on May 3 at $7.50. Evans Products dropped 5.9% to close the two-week period at $2.

Leading the winners' list, Scotts Seaboard, parent of Scott's, the Linthicum, Md., chain, climbed again, closing at $1.50, a 9.1% gain. Payless Cashways' stock increased 7.1% to close the period at $20.63. Other home center retail stocks that showed slight or no increases included Hechinger B, Home Depot, Forest City Ent., Lowe's and Edward Hines Lumber.

Market activity on home center stocks was brisk as 42 of the 54 issues tracked on the Home Center Market Summary traded at a higher volume than their 12-week average.

The *NHCN* Retail Stock Index closed at 93.0, relative to the Standard & Poor's 500 Index, which closed at 180.08, 13% higher than a year ago.



Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Grace W R N	18,330	263.5	- 3.4
Clopay Corp A	458	252.8	- 7.7
Hechinger A M	1,915	207.9	.0
Insilco Corp N	3,762	205.8	- 7.3
Warman Ind M	3,005	200.0	5.2

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Natl Gypsum N	6,171	173.8	6.6
Stanley Works N	7,363	170.3	- 1.8
Masco Corp N	8,573	157.6	2.6
Champ Intl N	33,769	133.3	6.5
Allegheny Int N	2,598	128.7	- 9.7

TOP GAINERS

Company & Market	2-Weeks Ended 5-3-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Scott Seabd O	1.50	9.1	28
Payless Cash N	20.63	7.1	8,505
Natl Gypsum N	42.13	6.6	6,171
Champ Intl N	22.63	6.5	33,769
USG Corp N	34.13	6.2	11,001

TOP LOSERS

Company & Market	2-Weeks Ended 5-3-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Manville Cp N	6.00	- 15.8	6,912
MacMlln Bldel N	16.75	- 10.1	180
Allegheny Int N	24.38	- 9.7	2,598
Color Tile M	15.38	- 8.2	3,352
Clopay Corp A	24.00	- 7.7	458

Home Center News HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 5-03-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	% Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Yld. %	Latest Report: New Report -	Period -	Date Ended -	Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers																													
Boise Cascade N	38.88	- 2.88	- 6.9	41.75	38.25	44.63	32.50	3,663	1.34	1.71	- 21.6	16.2	1.90	4.9	NEW	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	15.38	- 1.38	- 8.2	16.63	15.38	20.00	13.63	3,352	3.63	3.28	10.7	10.9	.00	.0	NEW	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	34.75	.38	1.1	35.38	34.38	39.50	31.50	660	.65	.68	- 4.4	10.9	1.60	4.6	.....	fiscal	12-84	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	32.7	3.19	- 29.3
Erb Lumber O	22.00	- .50	- 2.2	23.50	22.00	22.50	18.00	7	.08	.23	- 65.2	6.7	.00	.0	NEW	fiscal	12-84	35.8	8.5	.8	NE	.98	NE	147.4	9.0	2.9	38.1	3.27	42.8
Evans Prod N	2.00	- .13	- 5.9	2.25	2.00	7.63	1.75	532	.39	1.44	- 72.9	NE	.00a	.0	NEW	fiscal	12-84	376.4	- 1.3	3.2	NE	.15	NE	1406.4	4.0	(49.4)	NE	(3.89)	NE
Forest City Ent A	21.00	.13	.6	21.00	20.63	22.25	15.00	14	.03	.05	- 40.0	67.7	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	39.00	- 1.38	- 3.4	40.75	38.50	44.50	36.50	18,330	3.78	1.04	263.5	10.3	2.80	7.2	NEW	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	26.00	.00	.0	26.00	25.75	26.00	13.50	1,915	2.74	.85	207.9	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	28.50	.50	1.8	28.50	27.50	28.50	14.75	558	.50	.46	8.7	24.8	.10	.4	.....	fiscal	01-85	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	20.9	29.0	1.15	27.8
Hines Ed Lumber O	39.50	.00	.0	40.75	39.50	43.75	32.50	85	.48	.28	71.4	5.1	1.00	2.5	.....	fiscal	12-84	68.4	10.3	8.8	2833.3	6.44	3477.8	280.8	12.5	11.1	516.7	7.74	651.5
Homecrafters Whse M	7.50	- .50	- 6.3	8.25	7.50	16.25	5.25	485	1.72	3.13	- 45.0	35.7	.00	.0	.....	fiscal	10-84	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot N	18.00	.25	1.4	18.38	17.00	27.88	12.00	2,937	1.17	1.53	- 23.5	32.1	.00	.0	.....	fiscal	01-85	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp N	34.00	- .25	- .7	34.88	33.13	41.50	27.13	29,221	2.34	1.77	32.2	8.9	1.40	4.1	.....	fiscal	01-85	6875.5	21.6	204.3	- 17.8	1.57	- 17.8	21095.9	13.4	499.1	1.4	3.84	1.1
Lowe's Cos N	26.75	.00	.0	27.13	26.13	30.00	16.25	3,151	.87	.69	26.1	15.7	.36	1.3	.....	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General A	6.25	- .25	- 3.8	6.50	6.00	8.50	4.63	1,052	.93	.71	31.0	13.6	.00	.0	.....	fiscal	12-84	105.1	- 7.0	.6	NC	.04	NE	449.4	134.1	5.4	63.6	.46	24.3
Natl Lumber M	5.25	- .25	- 4.5	6.00	5.13	7.50	4.50	338	.60	.52	15.4	21.9	.00	.0	.....	fiscal	12-84	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak N	12.75	- .38	- 2.9	13.50	12.25	17.50	11.50	2,717	2.72	1.40	94.3	12.6	.60	4.7	NEW	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	20.63	1.38	7.1	20.75	19.25	21.25	13.50	8,505	2.48	1.62	53.1	18.6	.16	.8	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd O	1.50	.13	9.1	2.00	1.38	3.00	1.00	28	.15	.08	87.5	15.0	.00	.0	.....	fiscal	01-85	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc N	13.63	- .13	- .9	14.00	13.25	16.38	11.38	1,172	.88	.49	79.6	10.2	.52	3.8	NEW	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	34.25	1.88	5.8	34.50	32.13	37.63	29.75	51,188	1.42	.69	105.8	8.5	1.76	5.1	NEW	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
SW Forest Ind N	12.25	- .38	- 3.0	12.75	11.75	22.13	11.75	2,527	2.72	1.32	106.1	40.8	.00	.0	NEW	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Std Brd Prt N	19.88	- .63	- 3.0	20.88	19.50	21.25	16.50	2,528	2.27	1.55	46.5	10.6	.54	2.7	NEW	fiscal	01-85	70.7	6.0	4.5	36.4	.40	33.3	314.9	6.1	20.8	11.8	1.87	11.3
Supermkts Gen N	38.88	- 1.38	- 3.4	40.75	38.38	40.75	19.75	1,089	.61	.94	- 35.1	13.2	.42	1.1	.....	fiscal	01-85	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wickhan Lumber M	6.00	- .25	- 4.0	6.25	6.00	7.00	4.00	523	.89	.92	- 3.3	13.3	.16	2.7	.....	fiscal	12-84	36.2	27.0	.8	300.0	.14	250.0	139.2	23.8	2.6	100.0	.45	95.7
Wholesalers																													
Lewis Palmer M	8.25	- .38	- 4.3	8.63	8.00	9.75	7.09	368	.99	1.06	- 6.6	26.6	.28b	3.4	NEW	fiscal	01-85	30.7	25.3	(.3)	- 100.0	(.10)	- 100.0	144.4	19.3	1.1	- 38.9	.31	- 53.7
Manufacturers																													
Allegheny Int N	24.38	- 2.63	- 9.7	27.00	24.00	28.75	18.75	2,598	2.47	1.08	128.7	NE	1.40	5.7	NEW	fiscal	12-84	580.7	- 8.1	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard N	27.50	- 1.25	- 4.3	29.25	27.25	35.38	22.88	7,630	1.96	1.01	94.1	9.0	1.60	5.8	.....	fiscal	12-84	862.4	50.1	30.8	71.1	.78	20.0	3214.5	47.4	114.9	83.5	3.07	35.2
Armstrng Wrld N	33.00	- 1.25	- 3.6	34.75	32.25	38.00	22.88	7,830	3.28	1.64	100.0	8.7	1.20	3.6	.....	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker N	19.75	- 1.50	- 7.1	21.88	19.50	26.88	17.25	11,533	2.29	1.67	37.1	11.2	.64	3.2	NEW	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	23.63	.00	.0	23.75	22.25	27.13	15.75	1,549	.82	.69	18.8	11.1	.70	3.0	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	22.63	1.38	6.5	23.63	21.13	26.75	16.88	33,769	3.64	1.56	133.3	NE	.40	1.8	NEW	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	24.00	- 2.00	- 7.7	26.25	22.38	27.75	13.63	458	3.81	1.08	252.8	12.8	.16	.7	NEW	3 mos.	03-85	29.2	5.4	(.5)	NE	(.36)	NE	29.2	5.4	(.5)	NE	(.36)	NE
DeSoto Inc N	33.75	.00	.0	35.75	33.75	37.88	26.75	401	.84	.42	100.0	11.0	1.40	4.1	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Enhart Corp N	27.00	- 1.13	- 4.0	28.75	26.75	32.25	24.53	2,051	.74	.54	37.0	9.2	1.40b	5.2	NEW	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacific N	21.38	- 1.75	- 7.6	23.13	20.50	27.38	18.00	19,570	1.91	1.22	56.6	20.8	.80	3.7	NEW	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	17.50	- 1.38	- 7.3	19.13	17.25	20.72	13.31	3,762	2.11	.69	205.8	9.6	1.00b	5.7	.....	fiscal	12-84	180.9	12.1	7.3	5.8	.40	5.3	786.9	16.7	33.0	- 3.8	1.82	- 4.2
La Pacific N	19.38	- 1.00	- 4.9	20.50	19.25	24.75	16.50	3,148	.92	.77	19.5	15.8	.78b	4.0	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMlln Bldel N	16.75	- 1.88	- 10.1	18.75	16.75	21.91	16.75	180	.06	.05	20.0	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	6.00	- 1.13	- 15.8	7.25	5.25	10.63	5.25	6,912	2.88	1.35	113.3	2.8	.00	.0	.....	fiscal	12-84	472.6	9.6	18.2	1416.7	.50	NE	1873.5	8.3	77.2	14.9	2.18	23.9
Masco Corp N	30.00	.75	2.6	30.00	28.50	33.50	22.50	8,573	1.52	.59	157.6	15.0	.56	1.9	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	42.13	2.63	6.6	42.25	37.63	45.25	27.00	6,171	3.97	1.45	173.8	6.1	2.00	4.7	.....	fiscal	12-84	429.2	38.7	25.2	87.0	1.62	45.9	1717.5	51.9	106.8	116.6	6.86	127.9
Newell Cos N	15.88	.00	.0	16.38	15.75	19.00	13.25	759	.88	.41	114.6	9.8	.50	3.1	.....	fiscal	12-84	89.8	24.5	4.2	16.7	.46	12.2	308.4	30.2	14.2	9.2	1.62	6.6
Owens Corning N	31.25	- .25	- .8	32.63	30.88	37.00	25.13	5,736	1.54	.99	96.0	7.6	1.40	4.5	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot N	19.50	.25	1.3	19.75	19.13	20.00	15.00	261	.44	.29	51.7	NE	.80	4.1	.....	fiscal	12-84	78.9	6.2	(4.7)	- 100.0	(.79)	- 100.0	320.0	11.9	(.6)	- 100.0	(.10)	- 100.0
Potlatch Cp N	34.50	.25	.7	34.75	32.75	38.13	25.75	860	.56	.97	- 42.3	12.3	1.56	4.5	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	35.25	1.25	3.7	35.50	33.63	35.50	24.00	3,363	1.50	.94	59.6	12.4	.92	2.6	.....	fiscal	12-84	501.5	6.8	9.1	24.7	.41	17.1	2075.2	5.2	65.0	17.3	2.84	22.4
Stanley Works N	27.63	- .50	- 1.8	28.75	26.50	30.38	19.50	7,363	2.73	1.01	170.3	10.6	.96	3.5	.....	fiscal	12-84	306.0	16.3	22.4	7.2	.81	8.0	1158.4	17.8	72.4	36.6	2.60	35.4
Thos Inds N	15.75	- .63	- 3.8	16.38	15.75	18.88	12.38	192	.23	.19	21.1	8.9	.68b	4.3	NEW	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	26.75	- 1.25	- 4.5	28.00	26.75	31.25	20.75	1,225	3.01	3.10	- 2.9	8.1	1.00	3.7	NEW	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	34.13	2.00	6.2	34.25	30.75	35.63	22.50	11,001	3.33	1.55	114.8	6.0	1.68	4.9	NEW	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	31.63	- .88	- 2.7	34.13	31.00	37.00	22.00	4,282	1.97	1.25	57.6	6.5	1.40	4.4	.....	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Warman Ind M	10.13	.50	5.2	11.00	9.63	12.89	3.50	3,005	11.82	3.94	200.0	14.1	.08	.8	.....	6 mos.	12-84	20.4	121.7	.5	150.0	.20	233.3	40.9	109.7	1.2	200.0	.47	213.3
Weyerhaeuser N	27.88	- 1.00	- 3.5	29.00	27.00	34.00	25.00	14,814	1.13	.84	34.5	18.2	1.30	4.7	NEW	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

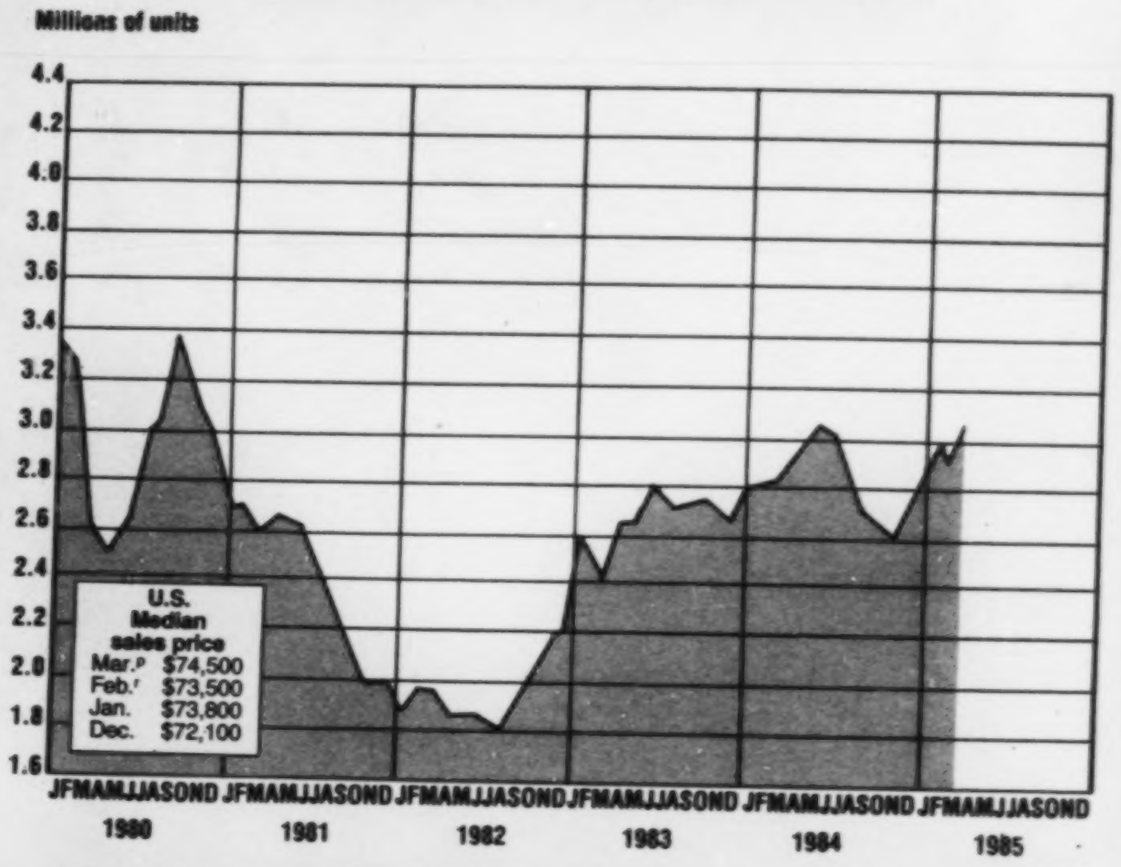
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure

a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

HOUSING WATCH

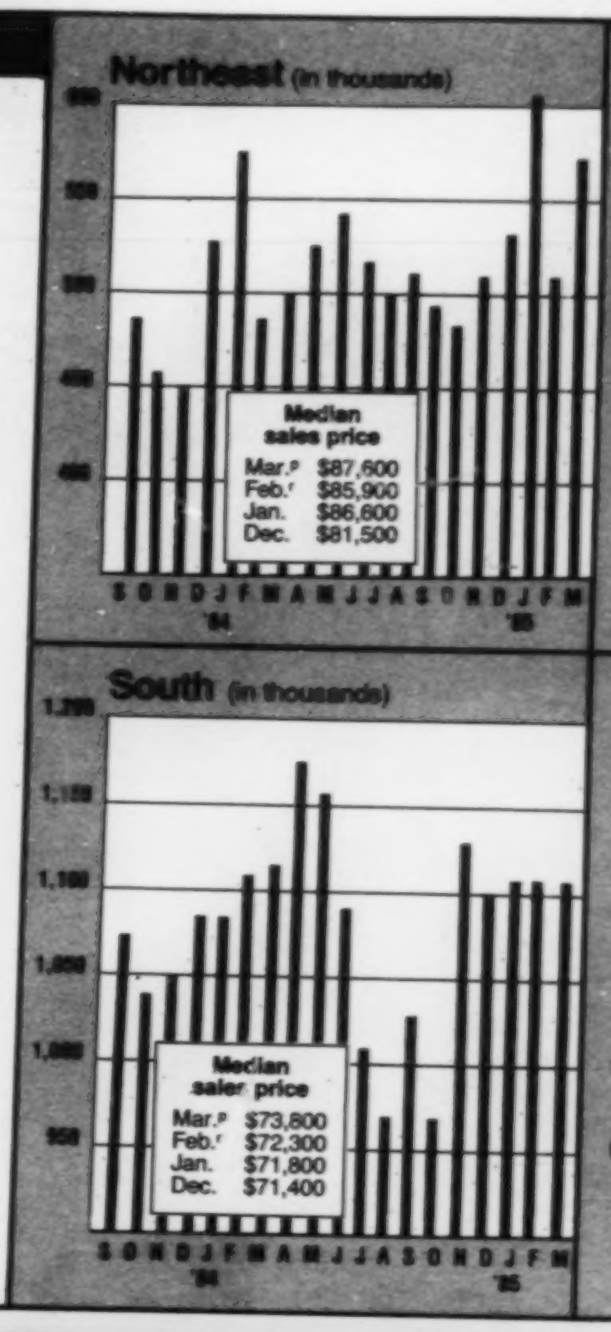
Existing single-family home sales

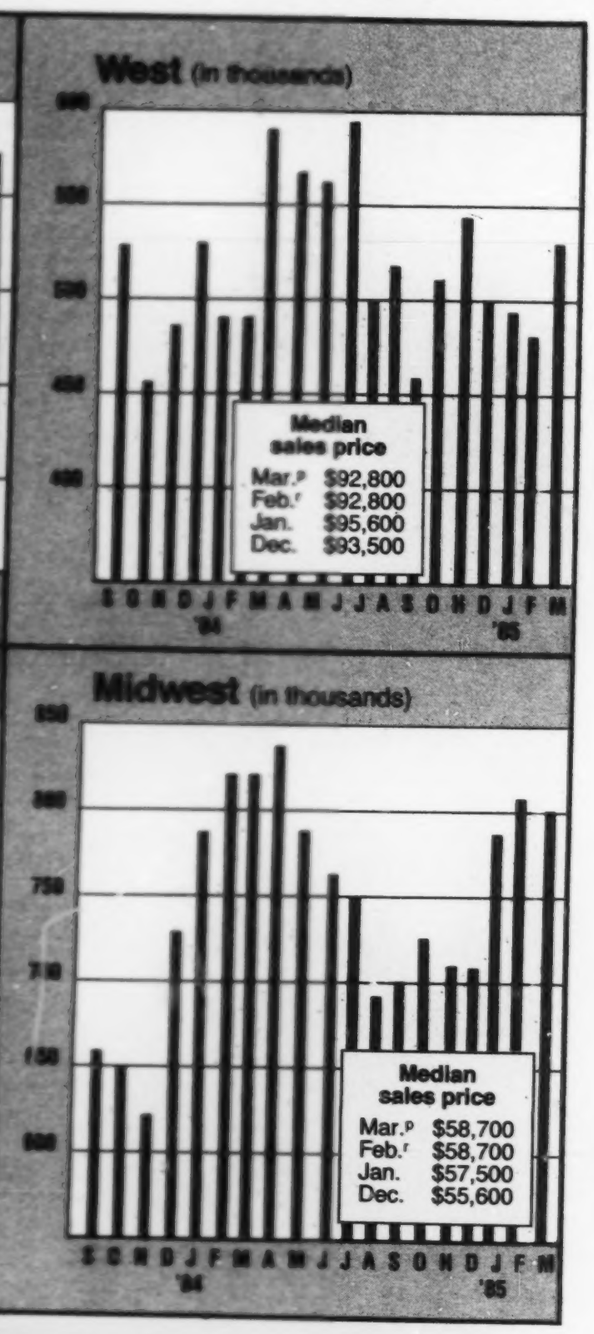


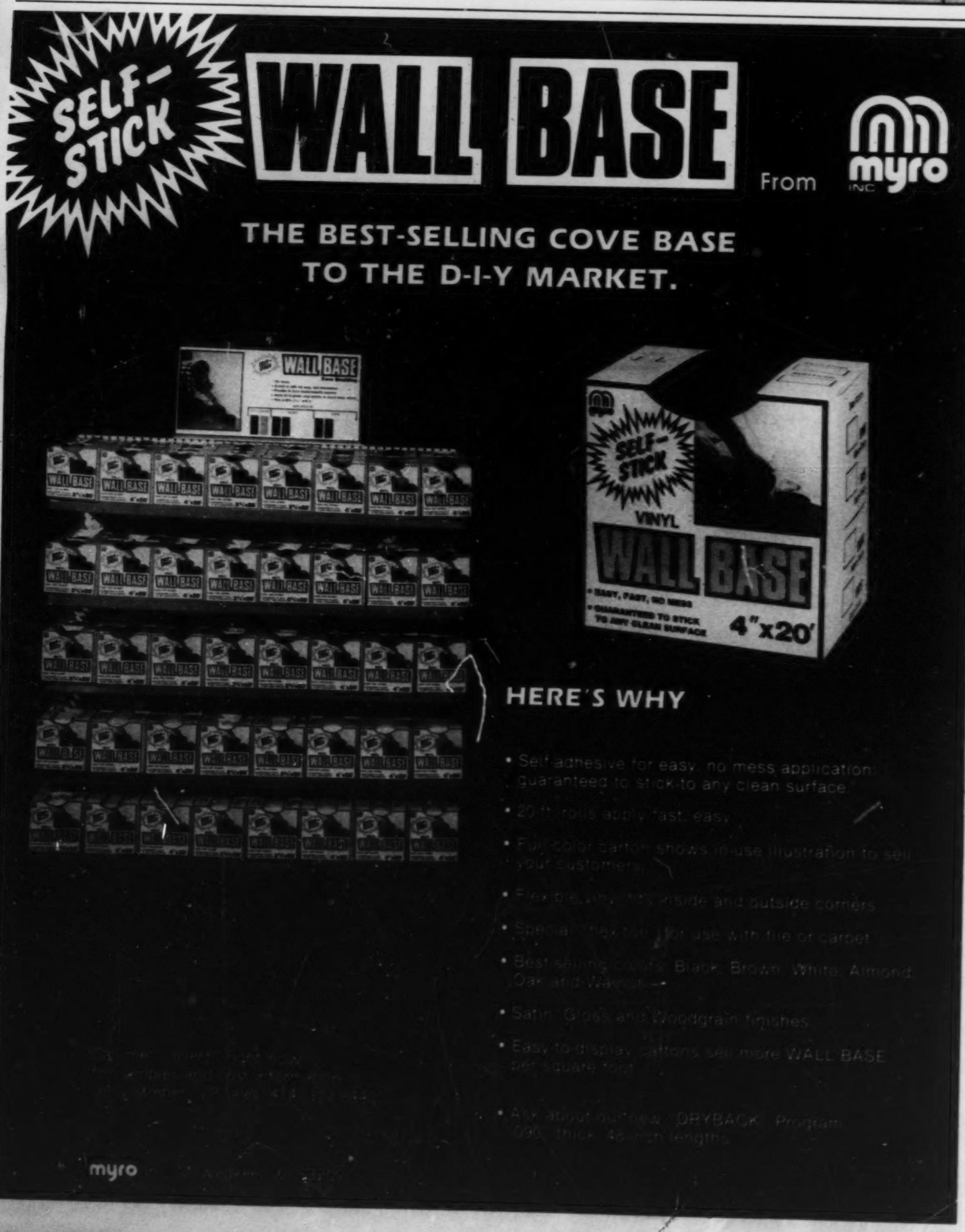
Home resales climbed to the highest level in over four years in March, up 5.9% over the previous month to 3.05 million units, seasonally adjusted, according to the Nat'l Association of Realtors. All regions recorded an increase with the highest in the Northeast, up 11.8% to 570,000 units.

p = preliminary r = revised

Source: Nat'l Assn. of Realtors



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New & existing sales climb during March

NATIONAL REPORT — Housing demand was strong in March as both new and existing single-family home sales surged.

The sales of new single family homes rose by 8.9%, from February's revised 641,000 units, seasonally adjusted, to 698,000 units in March, according to the Dept. of Commerce. The inventory of houses left unsold declined by 1.1% to 358,000 units, its lowest since October 1984, and could lead to a further increase in building activity.

Existing single family home sales rose by 5.9% to 3.05 million units, seasonally adjusted, which is the highest level in over four years, according to the National Assn. of Realtors (NAR). The last time home resales were at an equivalent level was in November 1980, when 3.05 million units also changed hands.

This renewal in home sales activity reflects a further improvement in affordability as interest rates fell in March from February's figure of 12.36% to 12.28%, according to the Federal Home Loan Bank Board.

"As interest rates decline an increasing number of families are able to satisfy their housing need," said David L. Roberts, president of the NAR, which estimated that the new low rates allowed a further 125,000 more families to purchase houses in March than in the previous month.

The surge in existing home sales was recorded in all four regions, but the Northeast had the greatest increase in resale activity as 570,000 units changed hands, a rise of 11.8% above February's slow sales rate.

The West ended its three-month decline in home resales, which rose 6.7% to 530,000 units, seasonally adjusted, while the median sale price stabilized at $92,800. New home sales were particularly strong in the West, rising 17.5% in March to 183,000 units.

The nationwide median sale price of a resale home rose $1,000 in March to $74,500, which was 3.8% higher than the March 1984 price of $71,800.

LUMBER REPORT

Trade associations unveil new marketing plans

By Ronald R. Gurczynski
NHCN associate editor

NATIONAL REPORT — Marketing campaigns, aimed at increasing the use of plywood and other wood products, have recently been unveiled by two industry associations.

The Market Action Plan (MAP), developed by the American Plywood Association (APA), is an attempt to focus promotional dollars on one segment of the plywood market at a time—residential, nonresidential, industrial and distribution.

The Wood Products Promotion Council (WWPC) is using cartoon characters Fred Flintstone and Barney Rubble to convey the "Get out of the Stone Age" theme of a new advertising campaign for permanent wood foundations.

With the MAP program, the APA will provide basic-level promotion to all its four markets, but it will focus attention, and funds, during a 12-month period on a single market. The next 12-month period will target another market for emphasis, and so on.

Each 12-month MAP period will overlap with another so that any calendar year will actually contain two MAP programs. As an example, commercial roof decks have been targeted for special emphasis beginning in June 1985 and extending through June 1986. Meanwhile, the distribution market will receive MAP emphasis in January 1986. During the first six months of 1986, therefore, both commercial roof decks and the distribution market will receive special emphasis.

A third MAP program will begin in June 1986 so that, again, during the last six months of 1986, two MAP projects will be targeted. Once the entire cycle has been completed, the rotation of target markets will begin again. Markets that aren't being targeted at any one time will continue to receive maintenance funding to keep them going.

The Market Action Plan primarily affects the APA's advertising since advertising constitutes the largest share of the association's front-line promotional budget. However, the program will also cover the allocation of financial and human resources in all promotional areas.

In addition to focusing resources for maximum benefits, the Market Action Plan also encourages the association to take a long-term planning view.

The first MAP project, for wood roof systems, is not scheduled to officially commence until June. However, research meetings have already been scheduled to help determine how to reach and influence key decision makers. Other in-depth market research is planned, with full-scale promotion to begin in two months.

"Nonresidential wood roof systems were targeted for special MAP attention for several key reasons," said Dave Rogoway, APA marketing vp. "First, it's a vast structural wood panel market with excellent potential for growth. And second, new technical data is being developed that is expected to enhance the opportunity to penetrate key markets in the South and East."

Wood roof systems currently account for roughly 50% of structural roof panel demand in the nonresidential market. Yet the structural wood panel share of the total nonresidential roof system market is only about 34%. Much opportunity exists, particularly in the South and East.

The Flintstone ad series, developed by the Seattle, Wash.-based Cole & Weber agency for the WWPC, debuted last month in national builder publications. A key thrust of the advertising is the positioning of the wood foundation system as superior to concrete.

In the first of four full-page ads, WPPC presents the permanent wood foundation as a new technology system which offers many advantages for builders and homeowners. In addition to the full page ad, there will be a series of four one-third page vertical cartoon strips.

The APA is the lead association in a five-year WWPC program aimed at building the present small permanent wood foundation market to a 10% share of the full and partial basement market in selected target metropolitan areas in the United States.

FUTURES

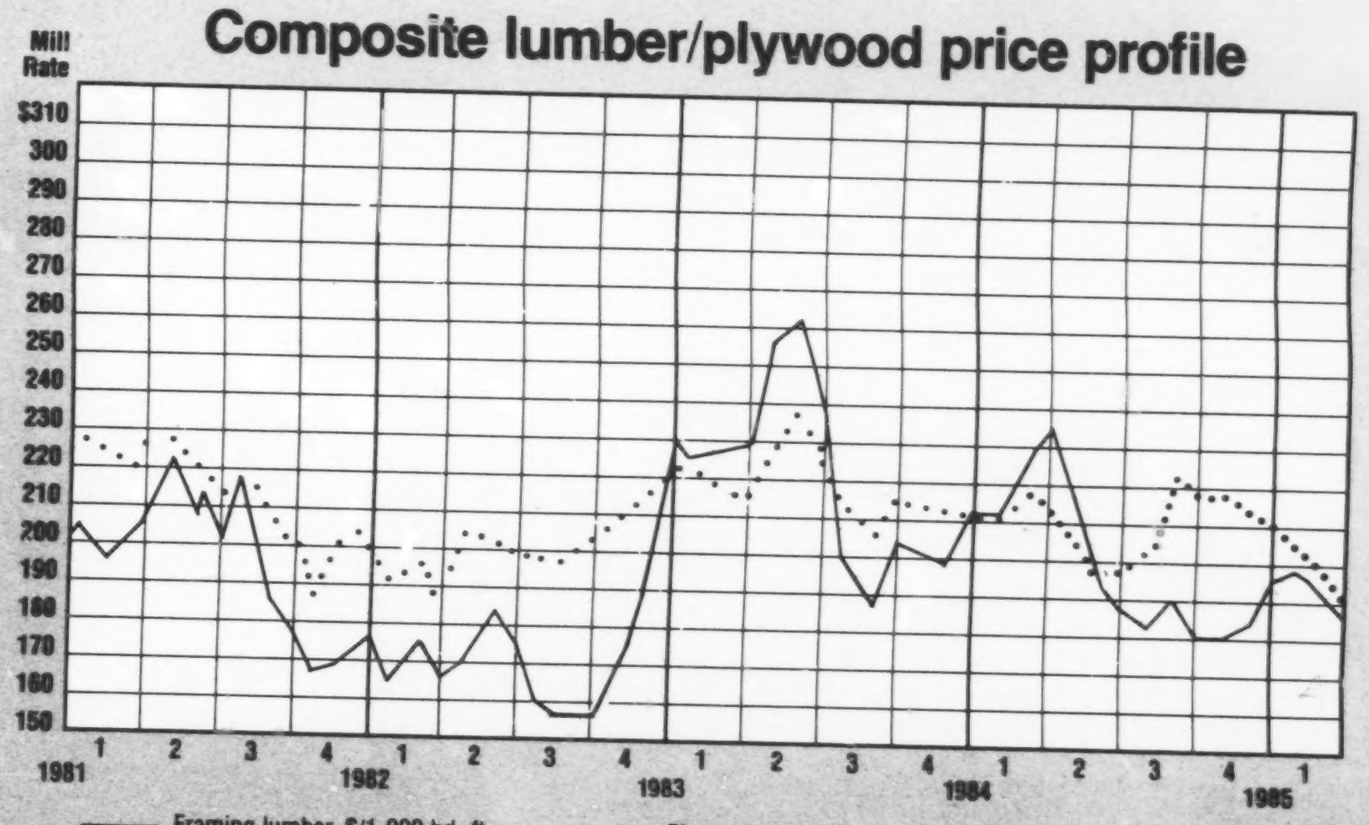
Two weeks ended April 25, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '85	140.80	132.30	138.20	137.10	2,074	225.00	121.10
July	148.40	140.50	146.10	145.80	4,140	230.50	129.30
Sept.	152.00	145.00	149.20	148.40	1,329	197.50	135.50
Nov.	153.00	147.10	150.40	149.10	1,333	186.10	137.80
Jan. '86	159.50	154.00	157.80	155.60	420	187.30	144.60
March	165.00	159.50	162.50	155.60	141	188.20	149.00
May	169.00	163.90	166.00	164.10	78	173.00	153.00

Total Contract Vol. (Through 4/25): 26,250 — **Previous Two Weeks: 18,840**
Total Open Interest (As of 4/25): 9,515 — **Previous Week: 9,797**
Cash Price: $147.00 — **Previous Week: $149.94** — **Year Ago: $156.80**

CME—Chicago Mercantile Exchange
*Figures for Thursday, April 25.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile

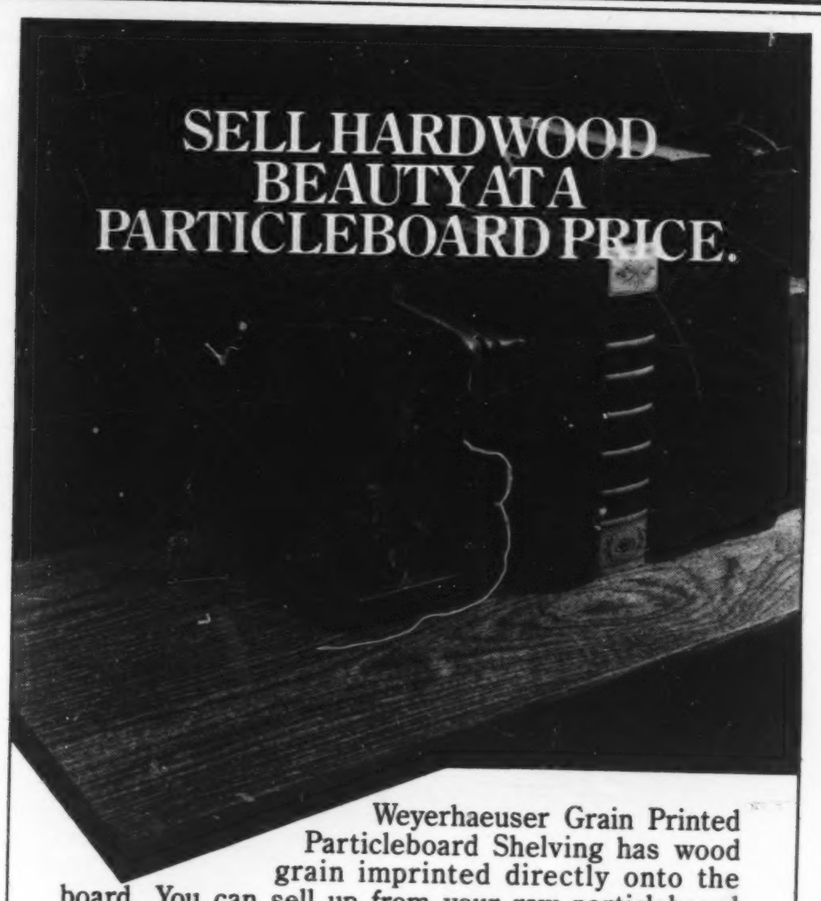


Source: *Random Lengths*

Lumber prices continued at disappointing levels during March as a spring buying surge failed to materialize. The framing lumber composite dropped to $185 per thousand board feet in March from $194 in February. Plywood was off in March to $191 per thousand square feet from $201 in February.

The framing and plywood composite numbers are based, respectively, on *Random Length*'s weighted averages of nine key lumber and seven key plywood items.

SELL HARDWOOD BEAUTY AT A PARTICLEBOARD PRICE.



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National Home Center News

MERCHANDISING SUPPLEMENT

Kitchen and bath merchandising at (clockwise from upper left) The Home Depot, Doraville, Ga.; Riggs Supply, Kennet, Mo.; Forest City, Cleveland, and Grossman's Warehouse, Long Beach, Calif. NHCN photos

Computers revolutionize kitchen design; 'If competition has it, you'd better have it too'

For home center kitchen departments, 1985 is the year of decision. What computerized kitchen design service will they adopt to maintain competitive positions in their markets?

"Within a year, most home centers will have to go into the process of computerized kitchen design," said Richard Raschke, merchandise manager for Mr. HOW Warehouse, the Margate, Fla.-based chain of 24 warehouse home centers scheduled to install a kitchen design system by Labor Day. "If the competition in your area has it, you'd better not be sitting around with a pencil and paper," designing kitchens the old-fashioned way.

Like Mr. HOW, other home centers—large and small—have either reached decisions on what systems to install, or are searching around for a suitable vendor. Wickes Lumber installed a system in seven test sites last summer and is now considering rolling out the system chainwide. Channel Home Centers is now looking at available systems. East Coast Lumber, a $30 million operation in Hempstead, N.Y., installed a system five months ago. Panel Mart, a $3 million chain of three small stores based in Fort Wayne, Ind., acquired a system in March. Snow Lumber, the $18 million operation in High Point, N.C., said it would have a system installed by this fall.

Forces from a number of different directions say these and other home center companies are conspiring to urge a decision this year. In the computer arena, prices of personal computers used to run such programs have dropped over the past 12 months. And, IBM's introduction of its own brand of personal computer has lent credibility to the field.

As for software—meaning the actual programs employed to operate the kitchen design systems—the variety available has risen very quickly. In 1981, only three companies offered such software. Suddenly, over the past 12 months, five additional providers have entered the scene. More are expected before long.

Adding further urgency to the matter is the fact that two of the new software vendors are kitchen cabinet makers who provide the software free of charge to retailers. Retailers

(Continued on page 30)

SUPPLEMENT: KITCHEN & BATH

Computers help revolutionize kitchen design

(Continued from page 29)

wanting to run the programs need only purchase a personal computer for under $3,000. As home centers begin to pick up these systems, competitors in their markets will feel the pressure to take on similar systems.

Further, most of the recent entrants on the software scene are making their systems much easier to use than systems have been in the past. Now, the user need only key in the size of the customer's kitchen, and the computer will automatically suggest a series of cabinets and accessories in picture form. One new system even uses a "mouse" that the salesman moves around on his desk to quickly develop a plan and estimate. The computer's keyboard can be avoided entirely.

While technology has filtered down in terms of price and usability to the level of even the small home center, it is the movement of kitchen cabinets and accessories inside the stores themselves that is creating the greatest overall force leading to the decision to computerize.

Home centers around the country report that kitchen sales are on a roll. Wickes Lumber experienced a 30% increase in 1984 over the previous year. Channel Home Centers sold 28% more kitchen cabinets in this year's first quarter than it did during the same period in 1984. Somerville Lumber enjoyed a 30% increase last year.

'Within a year, most home centers will have to go into the process of computerized kitchen design. If the competition in your area has it, you'd better not be sitting around with a pencil and paper.'

—Richard Raschke,
merchandise manager,
Mr. HOW Warehouse

Smaller home center companies claim similar gains. Kitchen sales increased by 45% after the department was remodeled at Snow Lumber. At East Coast Lumber, monthly kitchen cabinet transactions have increased to $102,000 monthly, from a level of $80,000 per month a year ago. Panel Mart said the number of weekly kitchen transactions has doubled over the past year.

These companies said that as their kitchen transactions increase, their salesmen have correspondingly less time to spend with each customer. Customers who feel they are not being serviced fast enough may abandon home centers in favor of competitors such as specialty kitchen outlets with their staffs that typically consist of one or more certified kitchen designers.

For many home centers, the problem is particularly acute because their personnel are not familiar with the skills required to put together a manual kitchen design. To meet the challenge of efficiently handling the increasing number of transactions, goes the reasoning, computerized design systems must be brought in now to bolster the expertise of the home center staff.

Computer design systems for kitchens

System	Features	Date of First Retail Installation	Installations: All Retail	Installations: Home Center	Software Price	Hardware Price/ Compatibility
Computerized Cabinetry 50 S.E. Fourth Avenue Delray Beach, Fla. 33444 305-276-9813	User enters sizes and styles of cabinets, rather than kitchen dimensions. Primarily an estimating tool.	1981	125	*	$795	$1,000 Apple
Design Plus 20 W. Market St. York, Pa. 17401 717-848-5674	Offers a service bureau arrangement. User sends completed kitchen design questionnaires to vendor.	1981	1,000+	9	$250 +$23-$44 per design	None
Graphic 100 P.O. Box 362 Nashua, N.H. 03061 603-882-2439	User may begin by entering either room size, or style of cabinets wanted.	1978	120	25	$1,995	$2,100 IBM Apple
Integrated Computer Graphics 5 Piedmont Center, #306 Atlanta, Ga. 30305 404-233-6383	Offers high transaction speed, and detailed graphics with plotter. Currently being tested at seven Wickes Lumber stores.	1984	1	1	$6,000-$15,000 to enter cabinet vendor specs; then $5,000/mo. lease for up to six locations.	$12,000 Hewlett-Packard
RPM Software Systems 16200 Puritan Detroit, Mich. 48227 313-838-2444	Provides system commands in abbreviated English. Screen addresses 37 categories of specifications.	1985 (planned)	0	0	$6,000	$3,500 IBM Texas Instruments
Sonnet Kitchens 8 Bingham Hill Rumson, N.J. 07760 201-842-6160	User enters room dimensions; system creates kitchen. Usable with cabinets from other vendors.	1985 (planned)	0	0	Free	$2,800 Apple
Triangle Pacific 16903 Dallas Parkway Dallas, Tex. 75248 214-931-3000	Usable only with Tri-Pac kitchen cabinets; system designs good-better-best kitchens from basic dimensions.	1985 (planned)	0	0	Free	$1,500 IBM
Twenty-Twenty 1755 Cunard St. Laval, (Quebec) Canada, H7S-2B4. 514-332-4110	Retailers can use a "mouse," rather than a keyboard, to input data about room sizes and cabinets desired.	$3,750 1985 (planned)	0	0	$3,750	$4,500 IBM

Source: *NHCN* research

C5150-6

Industry compensation study—pp. 21-33
Energy product sales outlook—pp. 34-44

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National
Home Center News

Vol. 11, No. 12 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. June 3, 1985

Knox execs lead leveraged buyout of retail chain

By Laura Liebeck
NHCN field editor

ST. PAUL — A group of investors, including about 20 Knox Lumber Co. executives, is purchasing the 10-unit home center chain from Southwest Forest Industries, Knox's corporate parent.

The transaction, expected to be completed later this month, calls for Knox management, and its partner, Norwest Growth Fund Inc., a subsidiary of Norwest Corp. of Minneapolis, a major Midwest bank, to pay $30 million in cash at the time of the closing plus assume certain liabilities and deferred payments of up to $500,000.

Southwest Forest Industries estimates it will gain $9 million on the sale of Knox, which it acquired in 1980 for $11 million. Knox Lumber gains back its in-

(Continued on page 66)

BE, Homeowners DIY deal at a glance

Hal Smith
BE president

	Builders Emporium	Homeowners DIY Centers
1984 sales	$204 mil.	$27 mil.
No. of stores	59	4
Avg. sales per store	$3.5 mi.	$6.8 mi.
Avg. sq. ft. per store	35,000	40,000

Source: *NHCN* Top 100, 1984

Builders Emporium buys Homeowners DIY

By Brad Altman
NHCN associate editor

IRVINE, Calif. — Builders Emporium will add four prime-location stores in supercompetitive southern California to its 59-unit roster with the purchase of Homeowners Do-It-Yourself Centers.

The definitive agreement was signed May 17.

The Homeowners units, in West Los Angeles, Montebello, Torrance and Gardena, are expected to be quickly converted to the BE name and format following an inventory that was slated to occur late last month. The purchase price was not disclosed by officials with BE's parent, Wickes Cos., nor Homeowners, but outside sources pegged the cash deal in the $10 million-$15 million range, in part because valuable real estate was included in the transaction. Homeowners owned its Gardena and Torrance sites and leased the other two locations, according to Louis Share, Homeowners' chairman.

The sale comes at a time when DIY retailers in southern California are preparing for an intense summertime battle.

Both The Home Depot and Builders Square are planning to establish warehouse outlets in the market soon, and Wickes' purchase of Homeowners appears to signal BE's intention to aggressively battle for market share.

BE posted sales of $204 million while Homeowners generated $27 million in 1984.

BE's president, Hal Smith, was president and ceo of Homeowners before he resigned last October to join BE. Smith, 34, has been a part owner of Homeowners since late 1983. He and his wife, Ella, are selling their equity interest, which Share, 64, said amounted to less than 20%.

Share, who has been associated with Homeowners since 1948, when it was a concrete maker, said Smith's relation-

(Continued on page 65)

Home center salaries rise; expertise brings premiums

Pay scales are higher at the larger operations

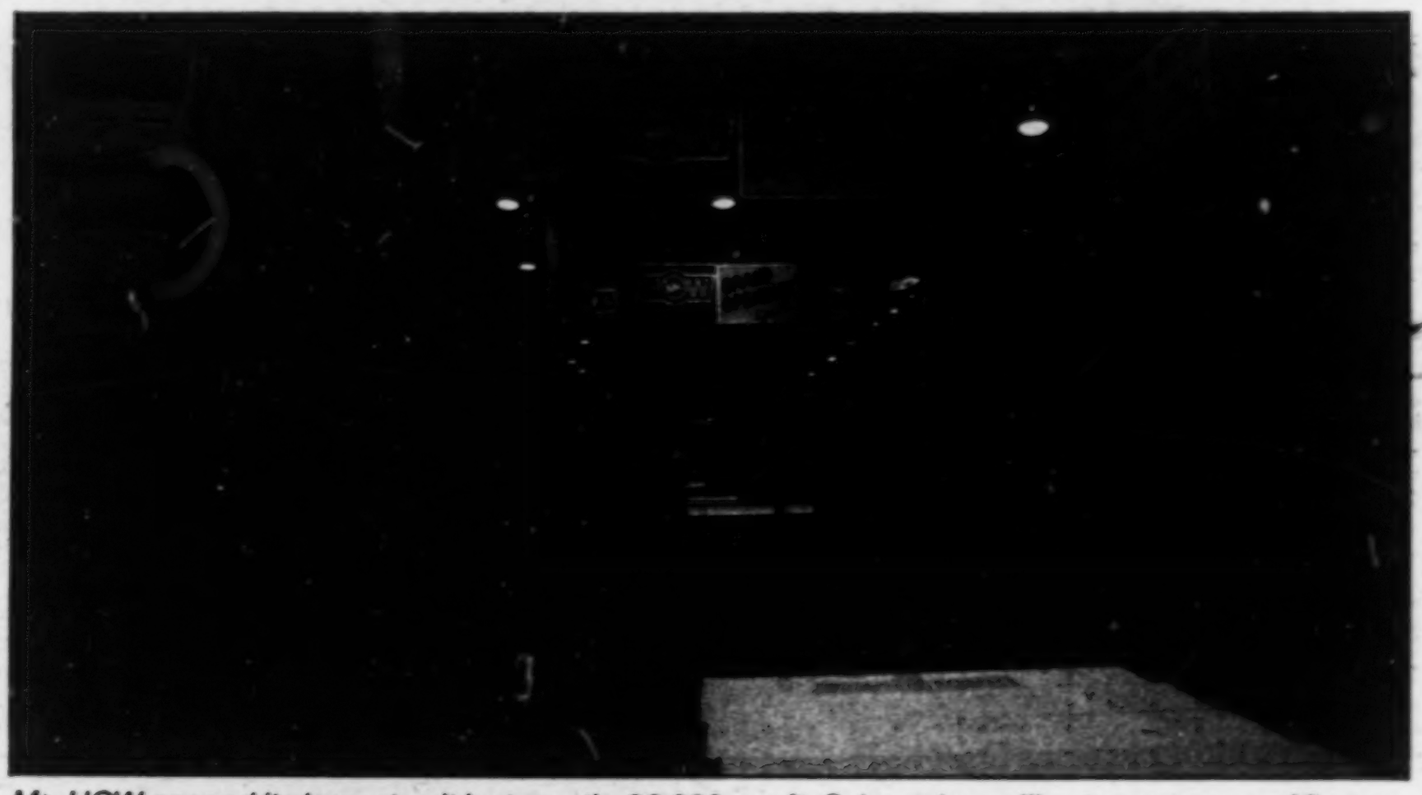
By Phillip M. Perry
NHCN senior editor

NATIONAL REPORT — As competitors invade new markets across the land, home centers are gearing their salary and benefits packages to attract and keep the best merchandising and management teams possible.

A review of combined reports from 160 building materials retailers in a new industrywide compensation and benefits study shows that:

- As compared with pay scales at lumberyards and hardware stores, home centers pay a premium for personnel with a combination of merchandising and management expertise.
- With a greater number of management levels in place, and a perceived scarcity of management talent available in the marketplace, large home center chains are paying more for their top people than are smaller operations.
- Pay scales for store clerks and cashiers are driven primarily by Federal minimum wage laws and are, therefore, fairly uniform among all sizes of and types of building materials retailers.
- Payroll costs as a per cent of revenues for home centers declined by about 0.8 percentage points for home center companies in 1984 vs. 1983, while staying about even for lumberyard and hardware store chains.
- While major medical coverage remains the most popular benefit, offered to management and nonmanagement employ-

(Continued on page 66)



Mr. HOW opened its largest unit last month: 96,000-sq.-ft. Schaumburg, Ill., store was one of five acquired from Forest City in February to gain immediate presence in Chicago.

NHCN photo taken a day prior to May 9 grand opening

5 WAREHOUSES CONVERTED IN CHICAGO

Mr. HOW re-opens ex-Forest City stores

SCHAUMBURG, Ill. — Service Merchandise opened its largest Mr. HOW Warehouse to date on May 9, a 96,000-sq.-ft. conversion of one of the five Forest City units it acquired in Chicago last February for $18.1 million.

Service reopened all five stores simultaneously, after five weeks of renovation and remerchandising, with a media splash. On the Saturday before, it began a radio promotion campaign aimed at 350 gross rating points. It ran full-page, three-color ads in *The Chicago Tribune* and *Chicago Sun-Times* the Sunday and Wednesday before the grand reopenings. Television commercials were broadcast the night before.

Mr. HOW takes over the Forest City units here at a time when Chicago is emerging as one of the hot markets of the

(Continued on page 61)

NEWSBREAKS

EVANS TO SELL SOME RETAIL ASSETS. Evans Products will close its six Bargain Outlet units in upstate Wisconsin, and is currently negotiating the sale of seven Grossman's stores in Milwaukee and four Steel City units in Pittsburgh. *NHCN* has also learned that the company plans to sell off two of its Alamo Enterprise stores in San Antonio.

HOME DEPOT ENTERS HOUSTON. The Home Depot opened two new stores in Houston on May 23; one each on the north and south side of the city. A third store will open this month in southern Houston.

Home Depot sues Builders Square landlord over California site —Page 2

Lampert Lumber completes 16-unit retrofit —Page 3

Texas blue law fading into sunset —Page 2

Canadian venture brings warehouse retailing north-of-the-border —Page 6

Evans reveals $12.3M 1st quarter loss

Reports to vendors soft financial results

By John Caulfield
NHCN senior editor

MIAMI BEACH — Trade creditors of Evans Products recently received what one vendor, without revealing its substance, said were "surprisingly detailed" financial data on Evans' Retail Group.

The data illustrated how Evans' inventory and credit problems prior to its March 11 Chapter 11 filing, as well as the bankruptcy proceedings themselves, are expected to plague the company's sales and earnings performance throughout 1985. The presentation of the information was made on April 29 by Evans Retail's chief financial officer Sydney Katz.

The 19-page booklet gave trade creditors a confidential preview of how Evans' 350 stores are performing. Results for the first quarter ended March 31, as subsequently released publicly, showed a loss of $12.3 million on sales of $175.2 million for the retail group compared with a loss of $4 million on sales of $175.1 million a year ago. The company as a whole lost $39.7 million on sales of $229.3 million.

The report said that Evan's financial picture was particularly soft in March, when the company was having tremendous difficulty gaining vendor credit

(Continued on page 65)

NHCNews Briefs

Industry Update

Depot sues Builders Sq. landlord

RIVERSIDE, Calif. — A building that Builders Square is converting into a 91,200-sq.-ft. warehouse here should have been leased to The Home Depot, the Atlanta-based retailer is contending in a lawsuit that seeks $20 million in punitive damages against the landlord.

The Home Depot did not name Builders Square in the suit, which is also seeking $50,000 in compensatory damages (out of pocket expenses) from defendants Joseph Vittone and Leland Hanson of Sierra Vista Investment Co., Riverside.

Larry Smith, counsel for The Home Depot, said the company "contends that it entered into a binding agreement to lease the premises and that (Sierra Vista) breached the agreement by refusing to let the premises to The Home Depot. No other party is presently in the lawsuit; however, legal discovery is continuing."

Sierra Vista's attorney Don Powell of Riverside said, "our contention is that Sierra Vista negotiated with a substantial number of potential tenants—Home Depot was one of many. There was never a deal with Home Depot, period."

Builders Square is expected to open the outlet, located at the southeast corner of La Sierra and Magnolia avenues, this summer (*NHCN*, March 25, 1985).

Smith said, "We want the real estate community to know that once a commitment has been made with The Home Depot, we will enforce that commitment."

Powell said he and his clients "suspect this case will be dismissed quickly."

Builders Square enters Detroit

DETROIT—Builders Square planned to open its second unit in this market on May 23 in Stirling Heights, following the quiet opening of its Mount Clemons unit, east of the city, in April.

The company plans to have at least three more stores in the market by the end of the year, according to senior vp Jud Walford.

In anticipation of these openings, Builders Square has become a sponsor of the Detroit Tigers and is currently running two 30-second spots on sports cable. This sponsorship may also include in-store player appearances, baseball ticket giveaways and a possible Builders Square night at the stadium.

In a separate development, former W. R. Grace executive Richard Passaglia has been named West Coast regional manager for Builder Square, which is slated to open its first California outlet this summer in Riverside (*NHCN*, March 25).

Passaglia most recently was senior vp-operations for Grace Home Centers West, a post eliminated in a management consolidation move (*NHCN*, May 20).

Retail sales climb in April

WASHINGTON — Retail sales jumped 12.8% in April, following a 25.2% rebound in March for dealers of building materials, hardware, garden supplies and mobile homes (SIC 52), according to advance sales figures released by the Department of Commerce.

Detailed breakouts, available only for March, show home center and building material sales (SIC 521,523) snapped back 26.1% in March, to $3.86 billion (unadjusted) from February's relatively low mark of $3.06 billion. March sales, however, were well below the previous year level of $4.38 billion, when industry sales were cresting (*NHCN*, May 6).

Hardware store sales (SIC 525), meanwhile, reached $745 million in March, up from February's $606 million in sales, and ahead of last February's mark of $705 million.

Total retail sales nationally rose 0.9% in April, after a revised 0.7% decline in March.

Handyman debuts TV ads

SAN DIEGO — Handyman is spending $1 million on an electronic advertising campaign breaking in this market June 12, a departure from its traditional reliance on print media for advertising expenditures.

An eight to 12-week radio and television run is scheduled for the 30-second TV and 60-second radio spots, produced by advertising agency Kenneth C. Smith & Associates of La Jolla, Calif.

Handyman is using San Diego as a test market and plans to expand the campaign into the San Francisco Bay Area later this year.

Meanwhile, the 55-unit chain's parent, Edison Brothers of St. Louis, was preparing to send a proxy to shareholders asking them to consider spinning off Handyman into a separate, publicly held company (*NHCN*, May 20, 1985).

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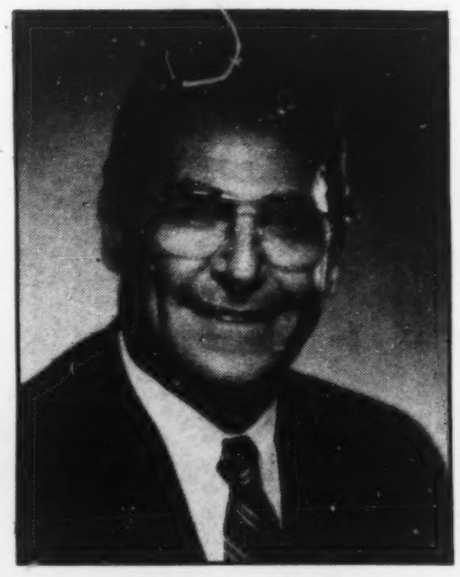
Vol. 11, No. 12 June 3, 1985

Lumbermen's names president; ex-Boise exec takes over reins

SEATTLE — Edwin M. Savage, marketing manager of Boise Cascade's building materials distribution operations, has been named president of 14-unit Lumbermen's based in Shelton, Wash.

The position had been vacant since last May when Larry Knudsen, a 25-year Lumbermen's employee who had been president since 1977, left the company due to what he characterized at the time as "differences in some philosophy" with Lumbermen's parent company, Lanoga Corp.

The 54-year-old Savage was also named an executive vp of Lanoga. The privately held Seattle company's other division heads—Jim Campbell at 11-unit Spenard in Anchorage and Daryl Nagle of 123-unit United Building Centers in Winona, Wis.—are presidents of their respective companies as well as Lanoga executive vps.



Edwin M. Savage

Savage left Boise Casade May 15 and was scheduled to start work at Lumbermen's June 3. He told *NHCN* "until I get my feet in the puddle" he would have no comment on his Lumbermen's plans.

As previously reported (*NHCN*, July 16, 1984), Lumbermen's is building a new headquarters complex in Olympia, Wash., in order to be situated in a more populous area along Interstate 5. Savage said the offices "should be completed by the tail-end of July" with relocation to follow shortly.

He said that he has "no intention" to enlarge or change the corporate staff.

During the year-long period following Knudsen's departure, Lanoga president and ceo Ted Tanase was acting president. Last December, a candidate had been chosen after a lengthy screening process but the applicant reportedly turned down the job at the last moment, forcing Lanoga to start the job search over again.

Savage brings a marketing and merchandising background to Lumbermen's, which had $60 million in sales last year, of

(Continued on page 66)

Texas blue laws ready to fade into sunset

AUSTIN, Tex. — The elimination of the 125-year-old Texas blue law is on the horizon. The State Legislature was poised to remove the law from the books before it adjourned on May 27.

Simultaneously, Handy Dan, a southwestern division of W. R. Grace Co., had been fighting a lengthy court battle of its own to eliminate the law. The Retail Merchants Assn. of Houston first brought suit against Handy Dan in November 1983 for blue laws violations in Houston.

In fact, Handy Dan attorney Linda Addison, partner with Houston's Fulbright & Jaworski, motioned for a rehearing of the entire case on May 9 after the First Judicial District Court of Appeals ruled on April 25 that the blue law is constitutional. The newest court decision overruled a lower court's ruling last fall that proclaimed the law was unconstitutionally vague, according to John Minor, a Texas assistant attorney general.

Minor explained that the courts are not obligated to rehear the case and so far no hearing date has been scheduled. "The law is constitutional but it is unpopular," he commented.

A spokesman for W. R. Grace said that while the case is being litigated the company would have not comment. Addison could not be reached for comment.

On May 1, the Texas House voted 102 to 40, and by a voice vote on May 2, to eliminate the state's blue law. After that, the bill, which was co-authored by State Reps. David Cain (D-Dallas), and Hugo Berlanga (D-Corpus Christi)—who also is speaker *pro tem*—was placed on the Senate's "intent calendar," according to the Legislative Reference Library, a legislative agency.

The pending legislation would permit retailers, except automobile dealerships, to sell their merchandise on a seven-day schedule beginning Sept. 1. Maintaining the law that forbids the sale of cars on Sunday was left intact as a compromise to the bill's opponents, explained Kathryn Blackbird, legislative assistant to Representative Cain.

The existing Texas blue law is not a Sunday closing law but rather a statute permitting the sale of 47 categories of merchandise on only a six-day week, Monday through Friday, and either Saturday or Sunday, but not both.

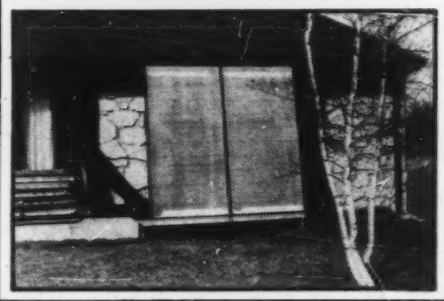
Mike Macaluso, vp of Ed Wulfe & Co. of Houston, a commercial real estate firm, said the end of the state's blue law will not mean more business to retailers but rather a stretching of consumers' disposable income over seven days, instead of six.

"The effect is diluted by the

(Continued on page 66)

Highlights in this issue

Merchandising



- *Moore's 5th warehouse tinkers with merchandising.* —**Page 31**
- *Tax credits' end shouldn't affect energy sales.* —**Page 34**
- *Specialty energy retailer gears future for hardware.* —**Page 36**
- *Setbacks set pace for hotter thermostat sales.* —**Page 41**
- *Energy-saving solar sunrooms draw customers on looks alone.* —**Page 42**

Ad & Marketing

- *Atlanta study finds newspaper advertising a good buy.* —**Page 47**
- *Decorator's club and new magazine set up to tout high-end paint.* —**Page 47**
- *Smiling lumberjacks invite shoppers to compare ads.* —**Page 47**
- *Study uncovers few co-op funds.* —**Page 48**

Industry Compensation Study

- *Home centers pay premium for merchandising staff.* —**Page 21**
- *Major medical most popular health benefit.* —**Page 21**
- *Rapid expansion campaigns help boost payroll costs.* —**Page 21**
- *Part-time help major part of employee mix.* —**Page 26**
- *East and West don't meet on salaries, bonus.* —**Page 27**

Index

Ad Angles	47-49
Calendar	57
Classified	62, 63
Editorial	8
Financial News	4, 5
Home Center Trivia	12
Housing Watch	10
Lumber Report	16, 18
New Products	50, 51
New S&O Products	54, 56
People	12, 60
Price Point Survey	50
Washington View	8

Systems & Operations

- *Fast-track growth outpaces Plymarts' computer.* —**Page 52**
- *Significant changes in communications systems have either been recently instituted, or are planned for the near future, but some 92% of companies participating in a recent survey.* —**Page 53**
- *Home center shrinkage increases by 12.2% in 1984.* —**Page 53**

Lampert Lumber completes retrofit of 16 units

By Phillip M. Perry
NHCN senior editor

ST. PAUL — Lampert Lumber, a $74 million home center chain, completed the renovation of 16 of its 47 stores last month as part of a larger effort to bolster its competitive position through a complete remerchandising effort.

There's A Lampert Building Center Near You.
Lampert
BUILDING CENTER
BUILDING THE GREAT NORTHWEST FOR OVER 90 YEARS

The company plans to remodel all of its stores over the next year and a half. Now that the three-month-long renovation for the first round of units has been completed, the company, which plans to grow to a $100 million size over the next three years, will pause in its remodeling efforts as the summer selling season takes up more of its energies, then continue the retrofit program in the fall.

"The idea behind these moves is to offer more self-service, and to make use of the maximum cube," said George Poulos, corporate vp, who was brought aboard one year ago to take charge of the effort.

"All of this has come about because of the increased volume we have seen to the consumer." Where do-it-yourself sales once accounted for 50% of volume at the company, such sales have just about reached the 70% level the company would like to maintain.

The chainwide program, which involves measures such as modernizing showrooms and increasing the depth of stock on its shelves, presents somewhat of a dilemma for company officials. While the driving force behind the new effort is a need to increase bottom line profitability so that dividend payments to stockholders of the private company can be increased, engaging in the renovations means making a capital outlay that the company is not well equipped to provide.

Lampert is still burdened by heavy debt it accumulated during the 1970's when it engaged in an aggressive store modernization and construction campaign. While company officials did not divulge the extent of this debt, they noted that the recession of the early 1980's affected sales in the upper Midwest as much as it did elsewhere in the home center industry. As a result, the profit margins achieved were not what was hoped from the capital expenditures made. As a result, the company is still paying off a debt load.

On the other hand, like other private corporations the company feels keenly the pressure of its investors, according to chain president John Lampert.

Unlike the stockholders of large public corporations, these investors are not the potential beneficiaries of stock price increases. As a result, they look exclusively to dividends for a return on their investments. These dividends must come out of company profits before capital improvements can be made.

As a result of these competing pressures, Lampert's new remerchandising efforts have been carefully directed.

"We are maximizing our resources without heavy capital spending," said Lampert.

The capital invested on the improvements of each of the stores has been, so far, minimal by usual industry standards. Some $5,000 to $10,000 has been spent at some stores that need nothing more than new sets of H-frame racking and a repositioning effort for sales desks. Even for the larger scale retrofits that involve tearing down some dividing walls between the showrooms and storage rooms to increase display areas, the investment hasn't gone over $30,000 to $40,000.

Company officials feel that by careful planning the investment should pay off in the sense that the stores should present to shoppers a more modern look—given a perceived need on the part of the public for warehouse type merchandising—than they have in the past.

The following areas have been particularly addressed by the renovation program:

- Sales desks have been removed from the center of the store and combined with back offices, freeing an additional 300 sq. ft. for merchandising displays.
- New H-frame racking has been installed and doors, windows and other building materials have been brought inside from the warehouse area.
- Extenders have been added to the old gondolas, raising their height to 6 ft. and allowing additional storage of merchandise on top.
- The depth of product has been increased on the shelf, again by bringing stock in from the warehouse.
- While the stores generally had one cashier station in the past, they now have two or three.

Federal deficit could kill energy tax credit extension bills

NATIONAL REPORT — Energy tax credits may still be available to some homeowners after the Dec. 31 expiration of the current law.

Congress is currently reviewing two bills, one by Congressmen Tom Downey (D-N.Y.) and Cec Heftel (D-Hawaii), with a host of cosponsors including Georgia Democrat Wyche Fowler, and the other by Fowler, to extend energy tax credits, enacted in 1979, another three to five years.

Both bills are designed to continue stimulating the marketplace for alternative sources of energy while gradually phasing out the subsidies, caping the credit available and certifying solar systems for eligibility in the program.

Although both bills are currently pending in the House, the Renewable Energy And Conservation Transition Act of 1985, introduced by Congressmen Downey and Heftel on April 4, is the focus of attention because it is the most comprehensive.

Hope of passage is questionable in both cases since Federal deficit reduction is a priority of Congress and the President.

(Continued on page 35)

Elliott's Hardware sales up 39% after first year in new location

By Kenneth Schept
NHCN executive editor

DALLAS — Elliott's Hardware celebrated the first anniversary of its new store on April 30, with sales up 39% to just over $11 million.

Fred Held, president, expects the 70,000-sq.-ft. unit, with 54,000 sq. ft. of retail space, will produce $13 million in sales in its record year.

He is optimistic that within five years, this store will generate $20 million in annual sales. It is located in the Love Field section of Dallas near Elliott's former unit, which generated about $8 million in annual sales from 16,500 sq. ft. of retail space in a 30,000-sq.-ft. structure.

Transactions per day at the new location are averaging 2,050 to 2,250 compared with 1,750 to 1,800 a year ago, according to Charles Bond, director of finance. Saturday transactions, he said, are now in the 2,500 to 2,600 range.

"Customers shop this whole store when they come here," said Jack Punch, sales manager at Elliott's Hardware.

Similarly the average ticket has increased by more than a dollar from $17.50 a year ago. Bond said that an average ticket on a Saturday is running $22 to $23.

All of this improvement, moreover, has been accomplished virtually without advertising, which is limited to circulars twice a year.

Bond acknowledged, "Occasionally we get somebody who hates this place, who can't find anything," but customer reaction, as the numbers show, has been mostly positive.

Customer views were typified by I. B. Butler, a 30-year-old jewelry appraiser, who was among several shoppers interviewed on a weekday morning at Elliott's last month. He said

(Continued on page 66)

New Spenard complex heats up Fairbanks DIY activity

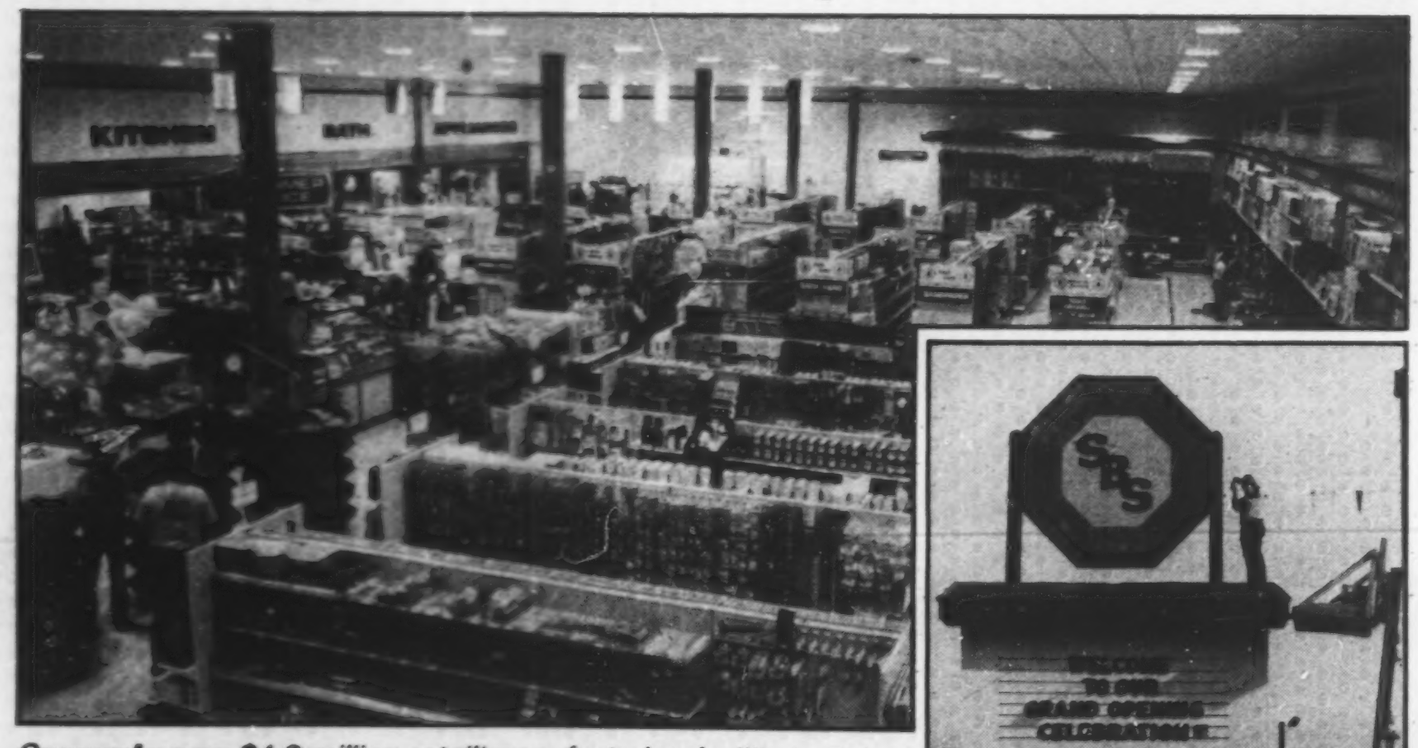
FAIRBANKS, Alaska — Spenard Builders Supply's debut of a $4.2 million retailing-manufacturing complex here last month underscores that DIY retailing activity is booming in this tiny, remote Alaskan city.

Only one mile from the new Spenard facility is a Pay 'N Pak, which since March has been able to claim the distinction of being the northernmost warehouse home center in the U.S. The Pay 'N Pak was expanded by 14,000 sq. ft. to 38,000 sq. ft. in a warehouse-style merchandising revamp similar to other format conversions occurring elsewhere in the Kent, Wash.-based chain.

Local competition is also making moves, including 10-year-old Donnybrook Lumber, which is debuting its three-lane drive-thru yard June 7th and 8th, and OK Lumber, which went on-line April 1 with its newly built, $1.5 million truss plant.

But the talk of the town is the new Spenard facility, which Jack Babcock, manager of Fairbanks Lumber, called "the nicest store in Alaska. I don't know how it will affect our business for sure, but it's not going to be an easy life up here."

As previously reported (*NHCN*, Feb. 11), the Spenard facility contains four buildings on a 10-acre site next to a rail siding. It also features a drive-thru lumberyard.



Spenard's new $4.2 million retail/manufacturing facility in Fairbanks, Alaska, contains four buildings on a 10-acre site, next to a rail siding. The retail store has 34,000 sq. ft. with a contractor sales area and drive-thru lumberyard. The unit is modeled after the Spenard store in Eagle River, Alaska. NHCN photo

Jim Campbell, president of 11-unit Spenard, said the complex was built on land leased from the state of Alaska after the former Spenard Fairbanks complex was condemned in order to build a highway.

The now-closed Fairbanks unit generated $13 million-$14 million in annual sales, and Campbell projects a doubling of the volume within five years. Local independent Donnybrook, which operates a manufacturing truss plant, posted $17 million in sales last year and is the market leader.

Spenard operates a 35,000-sq.-ft. manufacturing facility which includes a truss plant as well as a millwork plant where kitchen cabinets and countertops are manufactured. Its 34,000-sq.-ft. retail store consists of a contractor sales area and is modeled after a Spenard store that opened last year in Eagle River, Alaska (*NHCN*, Aug. 13, 1984).

Doug Grover, Spenard's marketing and merchandising director, said the Fairbanks unit has a 20% boost in Spenard's usual 18,000 stock keeping unit mix. The increased selection is "geared toward items needed to complete a project," Grover said. One department significantly broadened was floor coverings, which has added lines of ceramic and vinyl tiles and expanded carpeting offerings.

Spenard expects consumer cash-and-carry sales to account for only 30% of the sales volume, and its strategy is to continue to enlarge its contractor base. The store is open seven days a week while the former Fairbanks store was closed on Sundays.

"We still want to have the image that we are a lumber dealer," explained Campbell, whose chain generated an estimated $148 million sales last year. Chainwide, lumber and commodities contribute 20%-22% of the company's sales. The drive-thru lumberyard, also in place at several other Spenard facilities, "is the key to our maintaining dominance in the lumber business," Grover said.

Company officials are optimistic that the Fairbanks economy, fueled by nearby military bases, will continue to thrive. Anchorage, 330 miles to the south, is "overbuilt," said Campbell. "If any place in the state has a good economy, it will be Fairbanks," he added.

FINANCIAL NEWS

43 Gainers

5 Unchanged

7 Losers

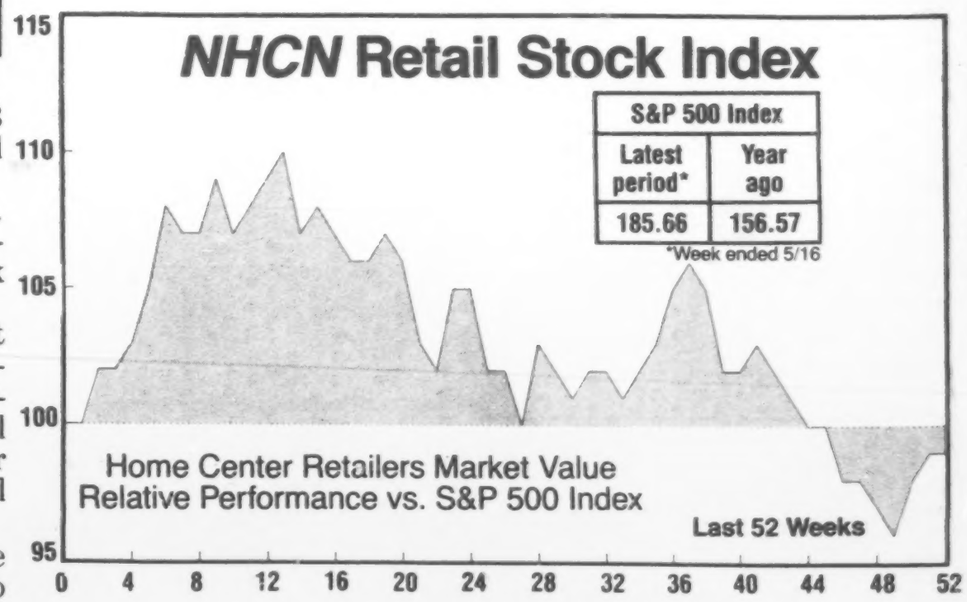
Home center stocks rallied from several weeks of lackluster results as 43 issues gained ground vs. only seven losers, for the two-week period ended May 17. Five stocks were unchanged.

Payless Cashways' stock price has been on the upswing this past month. Payless ended the two-week period up 10.9% to $22.88 on nearly 10.5 million shares traded. During the previous two-week period, Payless stock was up 7.1%, closing at $20.63. Its 52-week high is $23.

Homecrafters Warehouse stemmed its declining stock price in this latest two-week period. Homecrafters closed on May 17 at $8.25, up 10%, on 406,000 shares traded. Other retailers that showed percentage price gains during the period included K mart (which owns Builders Square), Standard Brands, Supermarkets General (Rickel's parent), Wolohan Lumber, Color Tile, Lowe's, Hechinger, Home Depot, Evans, W. R. Grace, Scotty's and Pay 'N Pak.

On the losing side, National Lumber fell 4.8% to $5 on 652,000 shares traded. Edison Bros., in the process of seeking shareholder approval to divest itself of 55-unit Handyman, slipped slightly to $34.50, a 0.7% decline on 726,000 shares traded.

The *NHCN* Retail Stock Index closed at 99.0 relative to the Standard & Poor's 500 Index, which closed at 185.66, 18.6% higher than a year ago.



Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Pay N Pak N	10,474	393.9	4.9
Hines Ed Lumber O	256	383.3	.0
Wolohan Lumber M	2,336	343.3	8.3
Supermkts Gen N	8,523	286.3	10.0
Masco Corp N	15,175	277.5	15.0

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
DeSoto Inc N	786	236.7	2.2
Mich General A	2,715	214.5	- 8.0
La Pacific N	7,177	194.4	7.7
Georgia-Pacifc N	38,011	183.2	15.2
Walter, Jim N	7,594	174.8	10.7

TOP GAINERS

Company & Market	2-Weeks Ended 5-17-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Waxman Ind M	13.38	32.1	2,983
Georgia-Pacifc N	24.63	15.2	38,011
Masco Corp N	34.50	15.0	15,175
Payless Cash N	22.88	10.9	10,414
Walter, Jim N	35.00	10.7	7,594

TOP LOSERS

Company & Market	2-Weeks Ended 5-17-85 $	2-Week Price Change %	Total 2-Week Volume (100)
MacMiln Bldel N	15.38	- 8.2	330
Mich General A	5.75	- 8.0	2,715
Manville Cp N	5.63	- 6.3	6,767
Natl Lumber M	5.00	- 4.8	652
Edison Bros N	34.50	- .7	726

National Home Center News® HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 5-17-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %. P/E Ratio -.

Financial Update — Indicated Divd. Rate Amt. $, Yld. %. Latest Report: New Report -, Period -, Date Ended -. Latest Quarter: Revenue $Mil, Chg. %; Net Income $Mil, Chg. %; E.P.S. $, Chg. %. Year-to-Date: Revenue $Mil, Chg. %; Net Income $Mil, Chg. %; E.P.S. $, Chg. %.

Company and Market	2-Weeks Ended 5-17-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	41.75	2.88	7.4	42.00	38.63	44.63	32.50	6,802	2.49	1.61	54.7	17.4	1.90	4.6	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	16.63	1.25	8.1	16.88	15.25	20.00	13.63	4,158	4.50	2.16	108.3	11.8	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	34.50	- .25	- .7	35.25	34.25	37.50	31.50	726	.72	.60	20.0	10.8	1.60	4.6	.....	fiscal	12-84	277.2	- 9.3	8.4	- 61.3	.82	- 59.0	1054.7	3.3	32.9	- 32.7	3.19	- 29.3
Erb Lumber O	22.00	.00	.0	23.50	22.00	22.50	18.00	10	.11	.19	- 42.1	6.7	.00	.0	NEW	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	2.13	.13	6.3	2.25	2.00	6.50	1.75	795	.58	1.33	- 56.4	NE	.00a	.0	.....	fiscal	12-84	376.4	- 1.3	3.2	NE	.15	NE	1406.4	4.0	(49.4)	NE	(3.89)	NE
Forest City Ent A	21.00	.00	.0	21.13	20.63	22.25	15.00	33	.08	.05	60.0	67.7	.15	.7	.....	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	41.38	2.38	6.1	41.63	38.75	44.50	36.50	8,522	1.76	.99	77.8	10.9	2.80	6.8	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	27.75	1.75	6.7	28.00	26.00	27.75	13.50	1,466	2.10	.93	125.8	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	29.00	.50	1.8	29.25	28.00	29.25	15.25	745	.67	.44	52.3	25.2	.10	.3	.....	fiscal	01-85	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	20.9	29.0	1.15	27.8
Hines Ed Lumber O	39.50	.00	.0	40.50	39.50	43.75	32.50	256	1.45	.30	383.3	27.6	1.00	2.5	NEW	fiscal	12-84	68.4	10.3	.2	- 33.3	.13	- 27.8	280.8	12.5	2.5	38.9	1.43	38.8
Homecrafters Whse M	8.25	.75	10.0	8.25	7.25	16.25	5.25	406	1.44	2.42	- 40.5	39.3	.00	.0	.....	fiscal	10-84	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot N	19.13	1.13	6.3	19.25	17.50	27.88	12.00	8,894	3.55	1.47	141.5	34.2	.00	.0	.....	fiscal	01-85	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp N	37.63	3.63	10.7	38.00	33.63	41.50	27.13	51,691	4.14	1.70	143.5	9.8	1.40	3.7	.....	fiscal	01-85	6875.5	21.6	204.3	- 17.8	1.57	- 17.8	21095.9	13.4	499.1	1.4	3.84	1.1
Lowe's Cos N	28.88	2.13	7.9	29.00	26.38	30.00	16.25	6,438	1.78	.70	154.3	17.0	.36	1.2	.....	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General A	5.75	- .50	- 8.0	6.75	5.63	8.50	4.75	2,715	2.39	.76	214.5	27.4	.00	.0	NEW	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.00	- .25	- 4.8	5.50	5.00	7.50	4.50	652	1.16	.45	157.8	20.8	.00	.0	.....	fiscal	12-84	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak N	13.38	.63	4.9	13.63	12.63	17.50	11.50	10,474	10.47	2.12	393.9	13.2	.60	4.5	.....	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	22.88	2.25	10.9	23.00	20.13	23.00	13.50	10,414	3.03	1.38	119.6	20.6	.16	.7	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd O	1.50	.00	.0	2.00	1.50	2.75	1.00	23	.13	.07	85.7	15.0	.00	.0	.....	fiscal	01-85	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc N	14.38	.75	5.5	14.38	13.25	16.38	11.38	732	.55	.41	34.1	10.8	.52	3.6	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	36.00	1.75	5.1	36.38	33.75	37.63	29.75	66,530	1.84	.69	166.7	9.0	1.76	4.9	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
SW Forest Ind N	13.13	.88	7.1	13.25	11.75	20.13	11.75	2,777	2.99	1.39	115.1	43.8	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Std Brd Pnt N	21.88	2.00	10.1	21.88	19.63	21.88	16.50	4,496	4.03	1.51	166.9	11.7	.56	2.6	.....	fiscal	01-85	70.7	6.0	4.5	36.4	.40	33.3	314.9	6.1	20.8	11.8	1.87	11.3
Supermkts Gen N	42.75	3.88	10.0	42.75	38.75	42.75	19.75	8,523	4.79	1.24	286.3	14.5	.42	1.0	.....	fiscal	01-85	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wolohan Lumber M	6.50	.50	8.3	6.63	6.25	7.00	4.00	2,336	3.99	.90	343.3	14.8	.16	2.5	NEW	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.25	.00	.0	8.50	8.13	9.75	7.09	696	1.86	1.02	82.4	26.6	.28b	3.4	.....	fiscal	01-85	30.7	25.3	(.3)	- 100.0	(.10)	- 100.0	144.4	19.3	1.1	- 38.9	.31	- 53.7
Manufacturers																													
Allegheny Int N	24.88	.50	2.1	25.00	24.00	28.75	18.75	1,900	1.80	1.16	55.2	NE	1.40	5.6	.....	fiscal	12-84	580.7	- 8.1	(17.6)	- 100.0	(2.53)	- 100.0	2115.3	- 9.9	14.9	- 47.3	(2.51)	NE
Am Standard N	29.25	1.75	6.4	29.63	26.75	35.38	22.88	9,401	2.41	1.14	111.4	9.9	1.60	5.5	NEW	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	36.50	3.50	10.6	36.50	32.50	38.00	22.88	6,649	2.79	1.58	76.6	10.1	1.30	3.6	NEW	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	21.00	1.25	6.3	21.38	19.75	26.88	17.25	14,501	2.88	1.61	78.9	11.9	.64	3.0	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	25.13	1.50	6.3	25.50	23.50	27.13	15.75	1,515	.80	.48	66.7	11.8	.70	2.8	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	23.38	.75	3.3	23.50	22.13	26.75	16.88	33,484	3.61	1.63	121.5	NE	.40	1.7	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	26.25	2.25	9.4	26.63	24.25	27.75	13.63	147	1.22	1.04	17.3	14.0	.16	.6	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.36)	NE	29.2	5.4	(.5)	NE	(.36)	NE
DeSoto Inc N	34.50	.75	2.2	34.63	32.00	37.88	26.75	786	1.65	.49	236.7	11.2	1.40	4.1	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	28.00	1.00	3.7	28.63	26.25	32.25	24.53	3,158	1.15	.57	101.8	9.6	1.40b	5.0	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacifc N	24.63	3.25	15.2	24.63	20.50	27.38	18.00	38,011	3.71	1.31	183.2	23.9	.80	3.2	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	19.00	1.50	8.6	19.00	17.38	20.72	13.31	1,653	.93	.60	55.0	10.6	1.00b	5.3	NEW	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	20.88	1.50	7.7	20.88	18.88	24.75	16.50	7,177	2.09	.71	194.4	17.0	.80b	3.8	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMiln Bldel N	15.38	- 1.38	- 8.2	16.75	15.00	21.81	15.00	330	.11	.05	120.0	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	5.63	- .38	- 6.3	6.25	5.13	10.63	5.13	6,767	2.82	1.37	105.8	2.6	.00	.0	NEW	fiscal	12-84	456.5	5.8	18.2	1416.7	.50	NE	1814.2	4.9	77.2	14.9	2.18	23.9
Masco Corp N	34.50	4.50	15.0	34.75	29.75	34.75	22.50	15,175	2.68	.71	277.5	17.3	.56	1.6	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	45.25	3.13	7.4	45.38	42.13	45.38	27.00	4,961	3.19	1.28	149.2	6.5	2.00	4.4	NEW	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Cos N	16.00	.13	.8	16.25	15.25	19.00	13.25	745	.87	.42	107.1	9.8	.50	3.1	NEW	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	34.50	3.25	10.4	34.63	30.75	37.00	25.13	4,039	1.37	.91	50.5	8.4	1.40	4.1	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot N	20.25	.75	3.8	21.00	19.25	21.00	15.00	317	.53	.30	76.7	NE	.80	4.0	NEW	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	35.75	1.25	3.6	36.75	33.88	38.13	25.75	1,483	.96	.55	74.5	12.8	1.56	4.4	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	38.63	3.38	9.6	38.88	35.13	38.88	24.00	3,618	1.61	.78	106.4	13.5	.92	2.4	NEW	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
Stanley Works N	29.75	2.13	7.7	29.88	27.63	30.38	19.50	2,708	1.01	.93	8.6	11.3	.96	3.2	NEW	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	16.00	.25	1.6	16.38	15.25	18.88	12.38	241	.28	.17	64.7	9.1	.68b	4.3	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	26.63	- .13	- .5	27.38	26.38	31.25	20.75	2,119	5.21	2.24	132.6	8.0	1.00	3.8	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	35.50	1.38	4.0	36.00	34.00	36.00	22.50	7,517	2.28	1.28	78.1	6.2	1.68	4.7	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	35.00	3.38	10.7	35.50	31.75	37.00	22.00	7,594	3.49	1.27	174.8	7.2	1.40	4.0	.....	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Waxman Ind M	13.38	3.25	32.1	13.38	10.00	13.38	3.50	2,983	9.87	3.75	163.2	16.9	.08	.6	NEW	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	29.50	1.63	5.8	30.00	26.38	34.00	25.50	20,755	1.60	.85	88.2	19.3	1.30	4.4	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure

a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

W.R. Grace to stress productivity, not expansion to stem profit slide

NEW YORK — With its earnings on a continuing downswing and its ability to raise additional expansion capital hampered by a poor stock market environment, the home center sector of W. R. Grace will be taking a less aggressive posture in the foreseeable future, according to remarks made at the corporation's annual meeting May 10.

The division's sharp earnings decline in 1984 continued through the first quarter of this year, with the company blaming the expenses involved in opening two HomeQuarters Warehouse units in the Tidewater area of Virginia, and with renovating the greater number of Grace retail stores in general.

"Our goal in 1985 will be to make the existing store base more productive," said Edward Tutun, retail group executive at Grace. Tutun added that the company was still willing to add more units if opportunities arise.

As for HomeQuarters Warehouse, Tutun said that "the chances are likely that we will open a third store this year," although he would not specify the location. Tutun added that the company was studying and modifying the HQ formula to make sure it is perfected before further stores are opened.

Tutun reiterated the company's intention to go to market with a public offering of a minority stake in the home center division, but said market conditions were still not right for the move.

"The important thing [before a company offers stock] is that the company have ever-increasing earnings, and that you have a receptive market [in terms of price-earnings multiples]. As you know, the multiples have come off" in the past year in home center stocks.

The home center division's poor earnings picture in 1984 was attributed by Tutun to expenses incurred by the acquisition of Ole's late in the year, as well as to the renovation of existing stores.

The company has also blamed the heavier level of competition in its western and central regions for the 1984 earnings drop in the home center division.

"The home center industry was feeling the pinch [in 1984] across the country," added Tutun.

In other annual meeting news, shareholders voted down a shareholder proposal for cumulative voting. Intended to provide minority representation on the board, the rule would have allowed each shareholder to cast votes equal to his number of shares for individual candidates on the board of directors, rather than for just the entire board. The measure was favored by only 3% of the shareholders at the meeting.

The board of directors had recommended against the proposal, stating that it would foster the objectives of special interest groups.

Opening expenses for two HomeQuarters Warehouse units in Tidewater, Va., contributed to sharp earnings decline for W. R. Grace's home center division. NHCN photo

Lowe's sales up 22% in April

NORTH WILKESBORO, N.C. — Lowe's announced April sales of $212.5 million, 22% higher than sales for the same month in 1984. The report does not reflect sales from stores recently acquired from Boise Cascade.

The April figures reflected sales increases of 34% to retail customers, and 9% to professional customers.

Lowe's operates 272 stores in 21 states, primarily in the eastern Sunbelt.

Hechinger gives 1st Q dividends

LANDOVER, Md. — Hechinger Co., the $405 million chain of 47 home centers, announced quarterly dividends of 4¢ for its outstanding Class A common stock, and 2½¢ for its outstanding Class B common stock. Both dividends were made payable on May 24 to shareholders of record as of May 10.

Hechinger reported an earnings increase of 29% for the year ended Feb. 2.

Corrections

In *National Home Center News'* Annual Report on the Home Center Industry (*NHCN*, May 6), J.T.'s Home & Buildings Centers should have read J.T.'s Home & Builders Centers. The company is based in Newport, R.I.

Also, inadvertently left out of the Top 100 list was Babcock Building Supply, Melbourne, Fla. The company achieved $28.4 million in total sales from six stores last year, a 37% increase over 1983. DIY sales accounted for 66% of the total. Babcock operates stores averaging 25,000 sq. ft. Three more units are planned for this year for a total of nine.

In the May 20 article, "Brass accessories gain ground in bath market," the name "Beck" referred to Alec Beck, president of Stripling Blake Lumber Co. in Austin, Tex.

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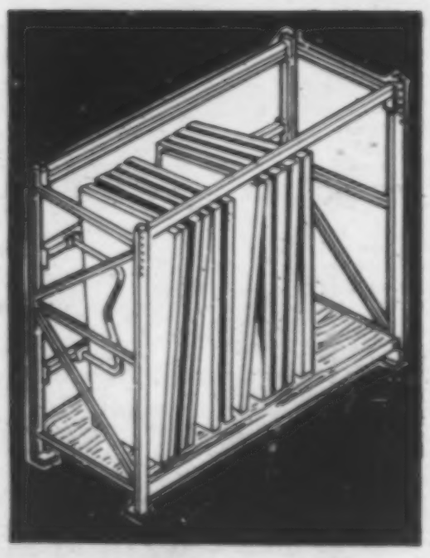

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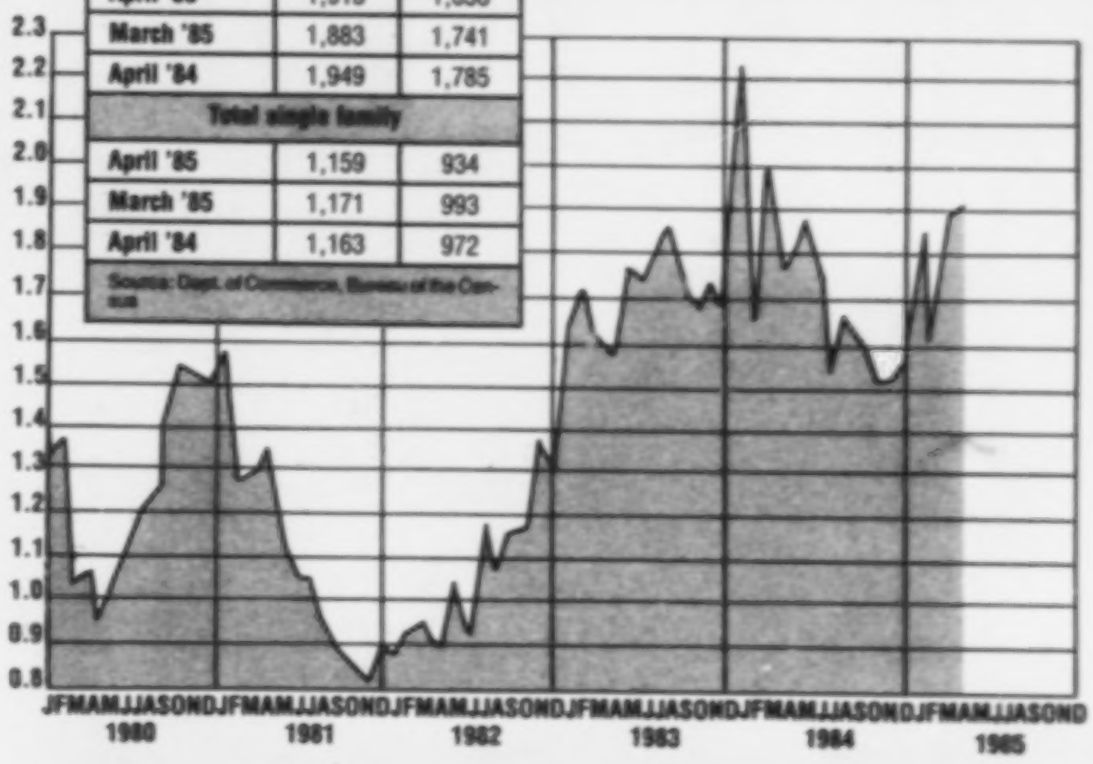
HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
April '85	1,913	1,656
March '85	1,883	1,741
April '84	1,949	1,785
Total single family		
April '85	1,159	934
March '85	1,171	993
April '84	1,163	972

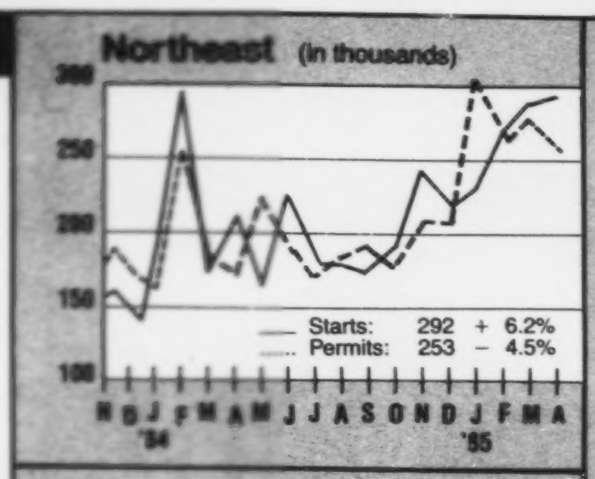
Source: Dept. of Commerce, Bureau of the Census

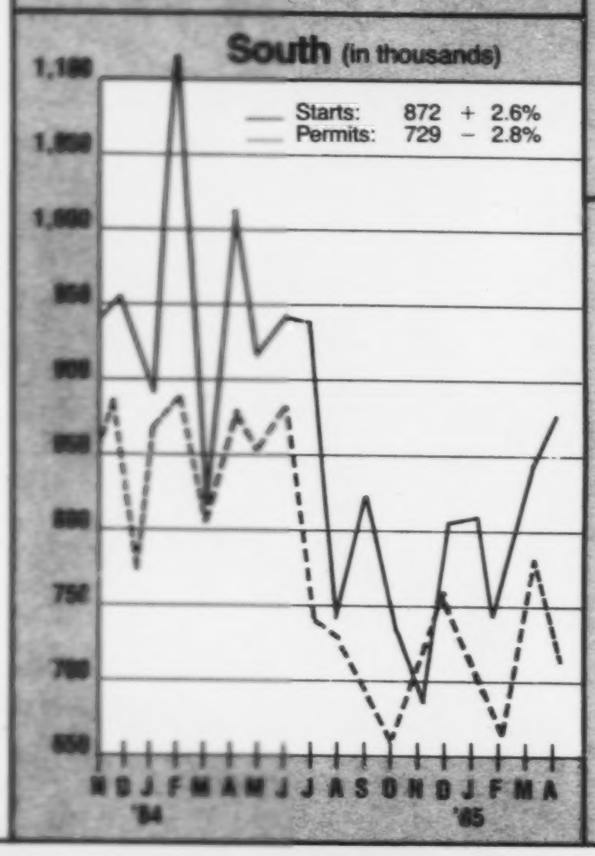
U.S. housing starts

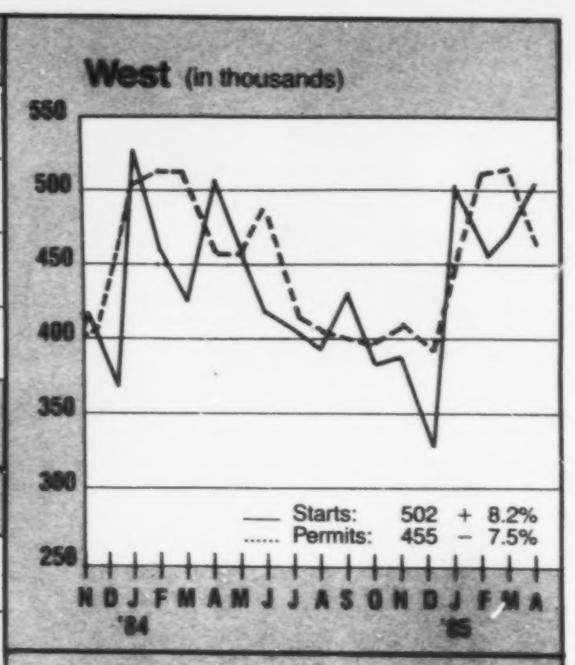
Seasonally adjusted annual rates

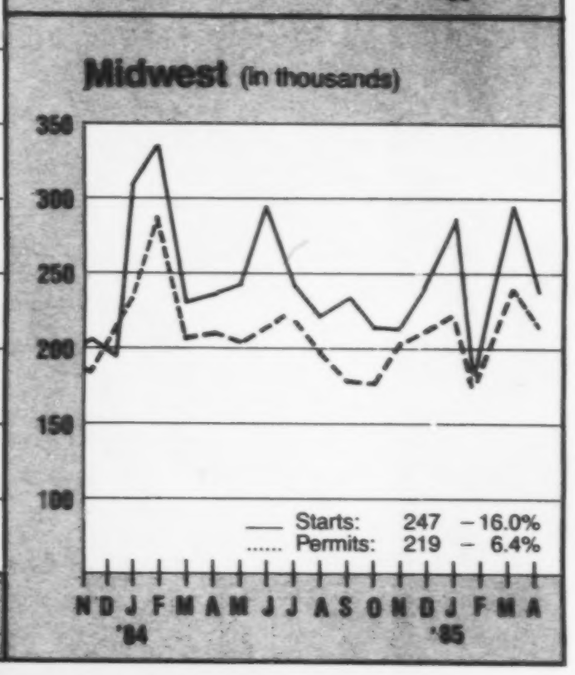


Housing starts edged up 1.6% in April to 1.9 million units, seasonally adjusted, according to the Department of Commerce. This follows a strong March when revised figures put new home construction at a seasonally adjusted 1.89 million units. The rise in starts is due to active multifamily construction, a trend that is expected to continue. Single-family home-building declined by 1% in April.









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April starts edge up by 1.6%

NATIONAL REPORT — New home construction edged up 1.6% in April to a seasonally adjusted 1.91 million units, the U.S. Commerce Department reported.

The small gain elicited positive remarks from the National Assn. of Home Builders. "They are good numbers, very strong," asserted Gopal Ahluwalia, assistant staff vp/director of research.

He added that multifamily construction, the strongest component of the latest reportings, especially for apartments, should continue to be strong for the next six months. This, he said, is due mostly to the availability of Government revenue bonds and builder desire to "beat the tax system," due for Federal revision.

Single-family starts, however, declined by 1% in April to a seasonally adjusted 1.16 million.

At the same time, total new housing permits declined 4.9% to a seasonally adjusted 1.65 million, and by 5.9% to 934,000 for single-family permits. Leading the decline here were the Western States, with a drop of 7.5%.

Compared with April 1984, new home permits in April 1985 declined to a seasonally adjusted 7.4% and single-family permitting dropped 3.9%. The oil-producing states of the South were largely responsible for giving that region 17.3% seasonally adjusted permit decline, Ahluwalia explained.

For all of 1985, Ahluwalia said the NAHB is predicting housing starts will hit the 1.65 million mark. Although slightly less than 1984's 1.74 million starts, it is still strong, he added.

New housing starts were particularly strong in the West and northeast in April where a seasonally adjusted increase of 8.2% and 6.2%, respectively, were recorded.

The Northeast's year-to-year April figure soared 44.6%, seasonally adjusted, mostly due to the housing boom in the Boston area, Ahluwalia noted. High-tech businesses are flourishing in that Northeastern city and housing of all kinds is being built to meet the high demand.

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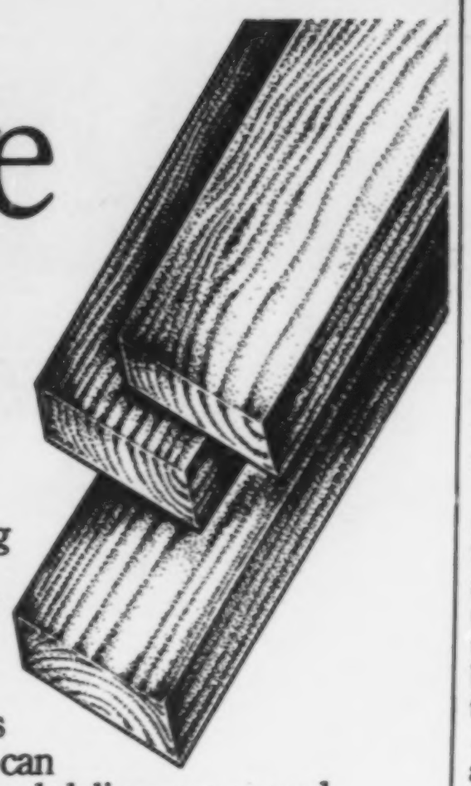

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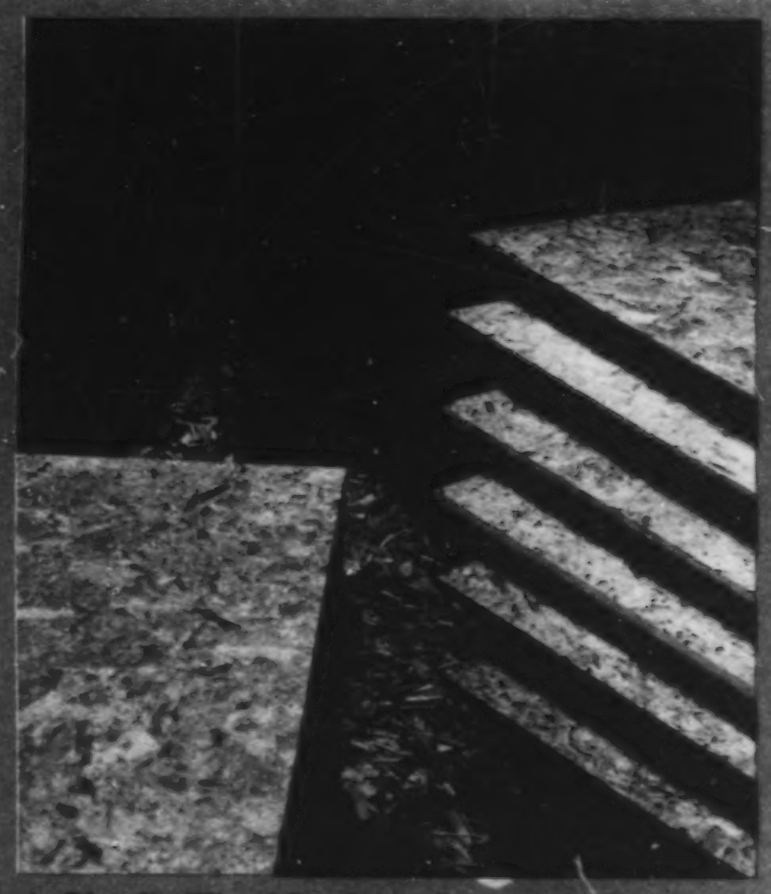

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LUMBER REPORT

Texas Lumbermen lament 1st qtr. but spring helps foster optimism

By John Caulfield
NHCN senior editor

FORT WORTH — They drawled about the winter weather ("wet"), the state's economy ("slow"), the housing market ("overbuilt") and sales in the first quarter ("meager").

But the 6,000 dealers, wholesalers and manufacturers attending last month's 99th annual Lumbermen's Assn. of Texas (LAT) convention here had their fingers crossed that their businesses would improve through the rest of 1985.

"Now that spring has finally arrived, we're doing fine," said Brian McCoy, vice president of the 58-unit McCoy's Building Centers in San Marcos, Tex. "But these last few months, man, have been tough."

"Until a few weeks ago [in late April] the weather wasn't the greatest, and Dallas and Houston are so overbuilt that you can't depend too heavily on contractor sales, but I still think 1985 will be a good year," added Ted Galbraith, merchandising vp for the 59-unit Foxworth-Galbraith in Dallas, which brought 160 people to the show to hold its annual company meeting. "Not the best, but good."

This cautious optimism formed the consensus among the dealers interviewed by *NHCN* at the show, which was like a Who's Who in the home center industry. Texas, with the possible exception of California, is the most active home center market in the country, and virtually every major chain and independent with stores here had representatives at the show.

Bill Butler, acting president of the Lumbermen's Association of Texas, cuts ribbon with members and their families at last month's convention in Fort Worth. NHCN photo

These included Payless Cashways, Builders Square, Home Depot, Lowe's, Handy Dan, Higginbotham-Bartlett, Diamond Lumber, Allied Building Stores, Caruth Lumber, Stripling Blake, Calcasieu Lumber and Olshan Lumber.

In addition, an unusually large number of wholesalers were among the 350 exhibitors at the show, an indication, perhaps, of the strength of two-step distribution in Texas. Along with locally based wholesalers such as Cameron Wholesale (a division of CertainTeed), Dallas Wholesale Builders Supply and Slaughter Bros., other distributors with booth space included Belknap Inc., Hardware Wholesalers Inc. (HWI), Sequoia Supply, Handy Hardware Wholesale and Texas Wholesale.

"In some ways, this show is more important to our business than the [National] Home Center Show," said McCoy. Lynn Cornelius, a vice president at the 15-unit Builders Square, based in San Antonio, explained that this show is particularly attractive because "there are a lot of independent mills in Texas that aren't to be found in Chicago or Atlanta [the sites of the last two Home Center Shows]. Plus, there are regional vendors, like Kirby [Forest Industries] and L-P that we only get to see down here.

"This is a really good show for us," Cornelius continued. "But it isn't a buying show, and we rarely set up deals here."

Manufacturers assert that a decade ago, there was considerably more buying activity at LAT shows. However, the annual convention has since evolved into more of an information center. "Everyone is looking for ways to improve their business, and our dealers are here to see new products and programs," said Bill Butler, president of Portland Lumber in Portland, Tex., and acting president of the 937-member LAT.

A sampling of comments for dealers and suppliers on the

(Continued on page 18)

Carl Dill addresses how to stave off low price competitors

FORT WORTH — Carl Dill posed the question that was on the minds of many independent dealers who came to hear him speak at the Lumbermen's Assn. of Texas convention here in April:

"What do you do with the well-financed, well-managed competitor that is beating your brains out with a low price image?"

Then, for the next 90 minutes, Dill regaled the audience with some useful, and oftentimes humorous, tips on staving off a competitive threat, drawn mostly from his experience as vp-marketing for the 39-unit Lloyd Lumber in Connecticut. He currently is owner of Dill's Best Building Center in Peekskill, N.Y.

He basically told the independents that they had to do everything in their power to capitalize on the "weaknesses" of chain competitors, which sometimes may mean buying up their promotional merchandise during a promotion.

"I remember we purchased all the rock salt Diamond Lumber was selling below its cost, and then we ran an ad which said 'Diamond can cut prices but can they cut the muster. We're in stock and they aren't,'" said Dill to the delight of the audience.

Dill also gave the dealers some advice on keeping their competition off guard.

(Continued on page 18)

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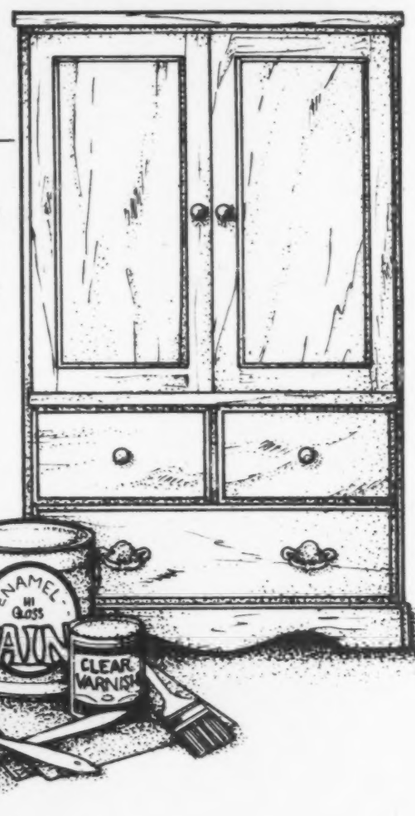

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LUMBER REPORT

Texas Lumbermen lament 1st qtr. but spring helps foster optimism

(Continued from page 16)

floor confirms this: Dennis Dumont, area manager for Champion International, said he was looking to "create dealer rapport, and to support the association" at the show; Alec Beck, president of Stripling Blake in Austin, noted that while the show was of modest importance to his business, "there's always the chance you'll meet new regional people, or find new products, which this show has always been good for."

The convention also serves as a forum for dealers and suppliers to discuss their businesses which, in Texas in 1984, could have been better.

By nearly every demographic measure, Texas still represents a market promising prosperity to retailers and suppliers. But only recently has the state shown signs of shaking off its three-year economic slump caused primarily by the decline of the energy industry on which the health of the state relies so heavily.

The state's unemployment rate actually fell in 1984 to 5.9% from 8% in 1983, but Texas is no longer the uninhibited growth market it was in the late 70's and early 80's. Its population has leveled off, expanding by only 1.3% to 15.99 million last year.

And this tapering off of immigration from other states has had severe effects on the state's housing market. Housing construction fell nearly 29% to 225,700 units in 1984, according to National Assn. of Home Builders data, with single family units dropping 25% to 118,500.

Houston has been the worst hit of the big-growth markets in Texas, as evinced by the drop in housing starts to 34,710 units last year, a 45% decline, as single-family home construction plunged 40% to 20,050 units.

These economic problems have been compounded by the continuing difficulty lumber dealers and suppliers have had making money selling wood products, due to the overcapacity plaguing the market. "When you have a 20 billion-sq.-ft. demand for plywood nationwide, and 26 billion ft. in supply, it isn't easy to turn a profit," said Ed Osterhout, assistant general manager for Kirby Forest Industries in Houston, which last year produced 116 million board feet of lumber, 600 million ft. of plywood and 70 million ft. of particleboard.

With housing in the state down, and lumber prices depressed, many of the association's dealers have sought to diversify their product mixes more toward DIY consumer fare, which has left the door open for several suppliers to penetrate this market with new merchandise and programs.

"Most of your lumberyards today are also heavy into hardware, which wasn't the case 10 years ago," said Charles Hearne, a vice president with Handy Hardware Wholesale, the Houston-based hardware wholesale buying co-op.

Hearne noted that another factor—the advent of warehouse home centers—also needs to be considered when one discusses why lumber dealers have sought to become more competitive with a wider range of products. "The lumbermen see the Home Depots and Builders Squares selling stuff at or below cost, and they realize that they need help from buying groups like us to stay afloat," he said.

Joe Walker, marketing vp for Cameron Wholesale in Dallas, which has been in Texas since 1912, agreed that the larger, higher-profile chains are making it more necessary for independents to align themselves with buying organizations. "You look at Payless Cashways [which runs 35 stores in Texas]," he explained. "Each of its units, essentially, is an independent lumberyard, and doing a damn good job in the market, something our customers have to contend with."

With competition so fierce in Texas, even a company as large as Cameron, with 16 distribution centers, 65 salesmen in the field and 2,000 dealers, uses a show like the LAT convention "to solidify our existing customer base, and try to sign on new dealers with different products and programs," said Walker.

"Our dealers," said Butler of Portland Lumber, "are realizing that they can no longer just be contractor-oriented and survive, so they are doing something about it." Galbraith of Foxworth-Galbraith lauded the LAT for attempting to get its members "to see into the future."

Carl Dill addresses how to stave off low price competitors

(Continued from page 16)

He recalled that several years ago, he burst into a Wickes Lumber, announced who he was and demanded to see the store manager. While touring the store, he started to criticize everything about it.

Once outside, he then confided that the store manager, in his opinion, was actually doing a good job. Dill handed him his card, and told the manager that, if he ever wanted to switch jobs, he should give Dill a call.

"That store manager is never going to undercut our prices, because he never knows if he will want to make that call some day," laughed Dill.

On a more serious note, Dill said that independents needed to emphasize their product selection, service and convenience to overcome the perception among consumers that home centers and warehouse stores were lower priced, "which you and I know is not true if you take all the items they sell," said Dill.

Specifically, Dill ran through a laundry list of suggestions on how dealers could thwart their competition's advantages, including:

- **Matching competitors' prices on price-sensitive items only;**
- **Raising a store's ad budget as high as 4% of sales, and reviewing an ad's message. "A good ad costs the same as a bad one," said Dill. He also recommended that dealers look into direct mail;**
- **Using television to sell the company's institutional image;**
- **Rewarding successful employees who increase sales for the store;**
- **Striking better deals with suppliers to offset price advantages of competitors during seasonal promotions.**

"We are working in an environment different from the one our fathers and grandfathers were in," said Dill. "And we need to heighten customers' perceptions about our stores to make it in that environment."

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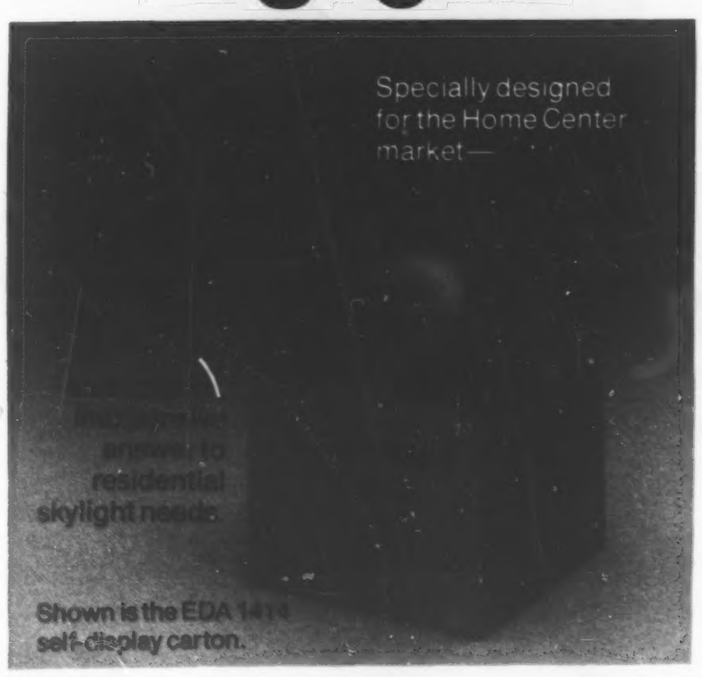

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Industry Compensation Study

Home centers pay premium for merch. staff

NATIONAL REPORT — When compared with lumberyards and hardware stores, home centers pay a premium for personnel assigned merchandising responsibility, a new survey shows.

Home centers pay their merchandising managers a median of $45,000, a figure that is some 44% higher than the $31,200 paid for that position by building supply retailers as a whole.

And, home centers pay their vp of merchandising or gmm's a median of $57,500, compared with an average of $50,000 at building materials retailers in general. For buyers with over three years' experience, home center salaries clock in at $27,700, a figure a little above that paid at other retailers in the building materials line.

The survey, conducted for *National Home Center News* by Lebhar Friedman Research, involved the mailing of questionnaires to 478 building supplies retailers. Completed responses were obtained from 160 retailers, representing a 33% response rate. The sample is large enough to provide representative insights into industrywide salary levels.

Participants were asked to identify salary levels for a dozen categories of personnel, by checking one of 11 boxes ranging from "under $1,000" to $50,000 or more." Between those two extremes, nine boxes were listed in salary increments of $5,000 each. Figures on the attached chart and in this article reflect median averages.

In other conclusions drawn from the survey, the median salary home centers pay their area/regional managers is $41,000, their vps of operations get $48,300 and their ceos or coos earn $57,500. On a mean average basis, those salaries came to $41,300, $49,500 and $79,000, respectively. These salaries are, on the average, about 7% higher than what is paid by building supplies retailers in general.

Store managers are paid a median average of $27,700 at home centers. This figure is about the same as that paid by lumberyards, but is 11% higher than the average paid by hardware stores.

Lumberyards pay department managers an average of $19,000, a figure that is 25% higher than the $15,200 reported by home centers with their higher number of departments.

In the area of bonuses, store managers are the clear winners, according to the survey. Some 63% of all respondents said they awarded bonuses to that category of personnel.

About 60% of home centers and 67% of lumberyards said they award bonuses to store managers. The median average of such bonuses at home centers was clocked at $4,500, a figure that is 32% higher than the $3,420 reported by lumberyards.

(Continued on page 25)

*Buyer with three-plus years' experience

Source: Lebhar-Friedman Research; *NHCN* art

Major medical most popular health benefit

NATIONAL REPORT — Medical coverage is the most common home center benefit, but is offered somewhat less often by companies in the southern states, a recent survey shows.

About 9 out of 10 home centers offer major medical programs to their management and nonmanagement (store level) employees. In the South, however, major medical is offered to nonmanagement personnel by only 70% of the retailers.

Some 160 building supplies retailers provided details about their benefits in a survey conducted for *National Home Center News* by Lebhar-Friedman Research. Questionnaires returned by the participants showed that health coverage was practically the only category of benefit that was offered by over half of the nation's building supplies retailers. The only exception was company paid life insurance, which was offered to management level personnel by 63% of respondents, and to nonmanagement personnel by 56% of respondents.

While major medical was the most popular category out of seven areas of health coverage mentioned during the survey, hospital and surgical coverage were also popular. Hospital coverage was provided management level personnel by around 88% of the home centers, 91% of the lumber and building materials dealers, but by only 60% of the hardware stores. The survey results were closely similar when it came to surgical coverage, the third most popular health benefit for management level employees, although home centers offered the benefit 85% of the time.

As for store level employees, the survey showed that home centers offered hospital and surgical coverage 84% of the time. Lumberyards offered the coverage 88% of the time, while hardware stores offered it only 60% of the time.

Considering building materials retailers on a regional basis, only 83% of respondents in the west and south offered hospital coverage to management personnel. Only 73% of those in the south offered hospital coverage to nonmanagement, store level

(Continued on page 26)

Rapid expansion campaigns help boost payroll costs

NATIONAL REPORT — Engaged in accelerated expansion campaigns last year, larger building materials retailers experienced more rapid increases in their payroll costs than did smaller ones, according to a new *National Home Center News* survey.

Home centers participating in the survey said they increased their total payroll expenditures at a rate faster than that reported by lumberyards and hardware stores.

When taken as a group, some 53% of all building supplies retailers responding to the survey spent more money last year on payroll than they did the year before.

Despite the reported increases, payroll expenses represented about 14% of respondents' total revenues in both 1983 and 1984. Rising payroll costs, judging from the figures gathered in the survey, resulted primarily from the drive of larger chains to expand their operations, and secondarily from the need for smaller firms in more competitive markets to increase salaries and add workers to enlarged operations.

The survey, undertaken by Lebhar-Friedman research, tabulated responses from questionnaires mailed to 478 building supplies retailers. A total of 160 questionnaires were returned, representing a 33% response rate. This level of participation was high enough to provide a clear picture of salary and compensation levels in the home center industry.

Some 64% of the largest of the building materials retailers participating in the survey—those with annual volumes of $100 million and more—said they increased their payroll expenditures last year over the year before. This figure compares with 55% of retailers doing between $25 million and $100 million annually. As for the smaller retailers doing under $25 million in sales annually, 52% said they had increased their payroll costs.

Moreover, the larger retailers reporting higher payroll costs said that such expenses grew, on the average, at a rate considerably higher than that reported by retailers of smaller volumes. For retailers doing over $100 million annually, last year's average payroll expense increase was locked at 16%. For retailers in the $25 million to $100 million range, the comparable figure was 10%.

Taken as a separate group, some 49% of home centers said they increased their payrolls last year over the year before. For those reporting such increases, the average rate was 10%. This figure compared with an average 6% increase among lumberyards reporting payroll boosts, and 9% among hardware stores.

Some respondents to the survey—about 1 out of 5—said they actually reduced payroll expenses last year. But most of these moved less than $100 million out of their doors. Only 7% of companies with greater volumes said they cut payroll expenses last year.

Payroll costs increase faster at larger retailers

Company's Annual Volume (millions)	Reporting Increase (%)	Average Increase (%)	Reporting Decrease (%)	Average Decrease (%)
$1-$24	52	7	21	5
$25-$100	55	10	25	12
$101 & more	64	16	7	3

Source: Lebhar-Friedman Research; *NHCN* chart.

Payroll costs increased at a faster rate for larger building supplies retailers than for smaller ones, according to a recent survey.

Home centers pay well for merch. personnel

(Continued from page 21)

The store manager position was the only one awarded bonuses by a majority of respondents. The next most popular category, that of the ceo/coo/president, is awarded a bonus by 49% of home centers, and 44% of total respondents. Such bonuses averaged $15,000 at lumberyards, $16,000 at home centers, and $23,330 at lumberyards.

While respondents said they awarded bonuses to personnel in 10 other categories, fewer than 1 out of 5 said they gave bonuses to merchandise managers or trainee buyers.

The percentage-of-profits method seemed the most popular way of calculating bonuses among the respondents. Some 47% of respondents used the method for calculating managemen level bonuses, while 29% used it for store level bonuses.

A straight bonus based on salary was used by 23% for management level positions and by 19% for store level bonuses. About 13% said thev tied bonuses to gross profit margin maintained for management level personnel, but only 7% used this method for store level personnel.

Of six other bonus criteria listed in the survey, none was selected by more than 10% of the respondents.

The average hourly wage paid to full time cashiers was $4.74, according to survey results. Some 51% of respondents paid between $3 and $5.50 an hour for that position.

The average starting salary for store clerks was $4.34 hourly, while 38% of the respondents paid less than $4 hourly.

Store clerks with one year's experience were paid an average of $5.03 hourly, while less than 11% of respondents said they paid those people under $4 hourly. As for clerks with three years' experience with a company, they were paid an average of $5.89 hourly. Very few respondents paid them under $4 an hour.

On the average, part-time personnel were paid less than their full time counterparts. Cashiers in this category were paid an average of $3.80, while store clerks were paid $3.81 at the start, $4.31 after one year, and $4.84 after three years.

Only 16% of respondents said they had set minimum/maximum guidelines for the per cent of merit increases awarded employees. For those that did set such guidelines, the average maximum allowable was 10%.

Even less popular was the setting of minimum/maximum guidelines for slary increases for promotions. Only 7% of respondents had set such guidelines. This group said their average minimum was 4%, and their average maximum was 12%.

The survey also addressed the question of "no compete contracts" for key employees. Only 5% of respondents said they required their employees to sign such documents.

Salary and Bonus Levels (Median)

Position	Salary: Home Centers	Salary: All Building Materials Retailers	Bonus Awarded by Home Centers: $	Bonus Awarded by Home Centers: % of Home Centers Awarding
Department manager	15,200	16,400	1,430	24
Assistant store manager	21,100	21,800	1,450	41
Store manager	27,700	27,400	4,500	60
Area/regional manager	41,100	38,700	7,750	21
Buyer (trainee)	15,600	15,600	1,500	9
Buyer (3+ years experience)	27,700	27,000	3,330	29
Merchandise manager	45,000	31,200	7,000	18
Vp merchandising/gmm	57,500	50,000	11,000	27
Vp operations/gm	48,300	45,000	10,750	37
Director of advertising/marketing	38,100	39,000	7,000	21
Chief financial officer	56,900	55,800	10,500	25
Chief executive/operating officer/president	57,500	53,700	16,000	49

Source: Lebhar-Friedman Research; *NHCN* chart.

Home centers pay an average 44% more for merchandising managers than do building supplies retailers overall.

Salary survey draws replies from 160 firms

NATIONAL REPORT — The statistics presented in this section on wages and compensation were gathered earlier this year by Lebhar-Friedman Research in behalf of *National Home Center News*.

The survey gathered information about salaries, bonuses and benefits as they apply to home centers, lumberyards and hardware stores. It also examined company policies about criteria for bonuses, minimum and maximum guidelines for merit and promotion-related salary increases, and the use of "no compete" contracts.

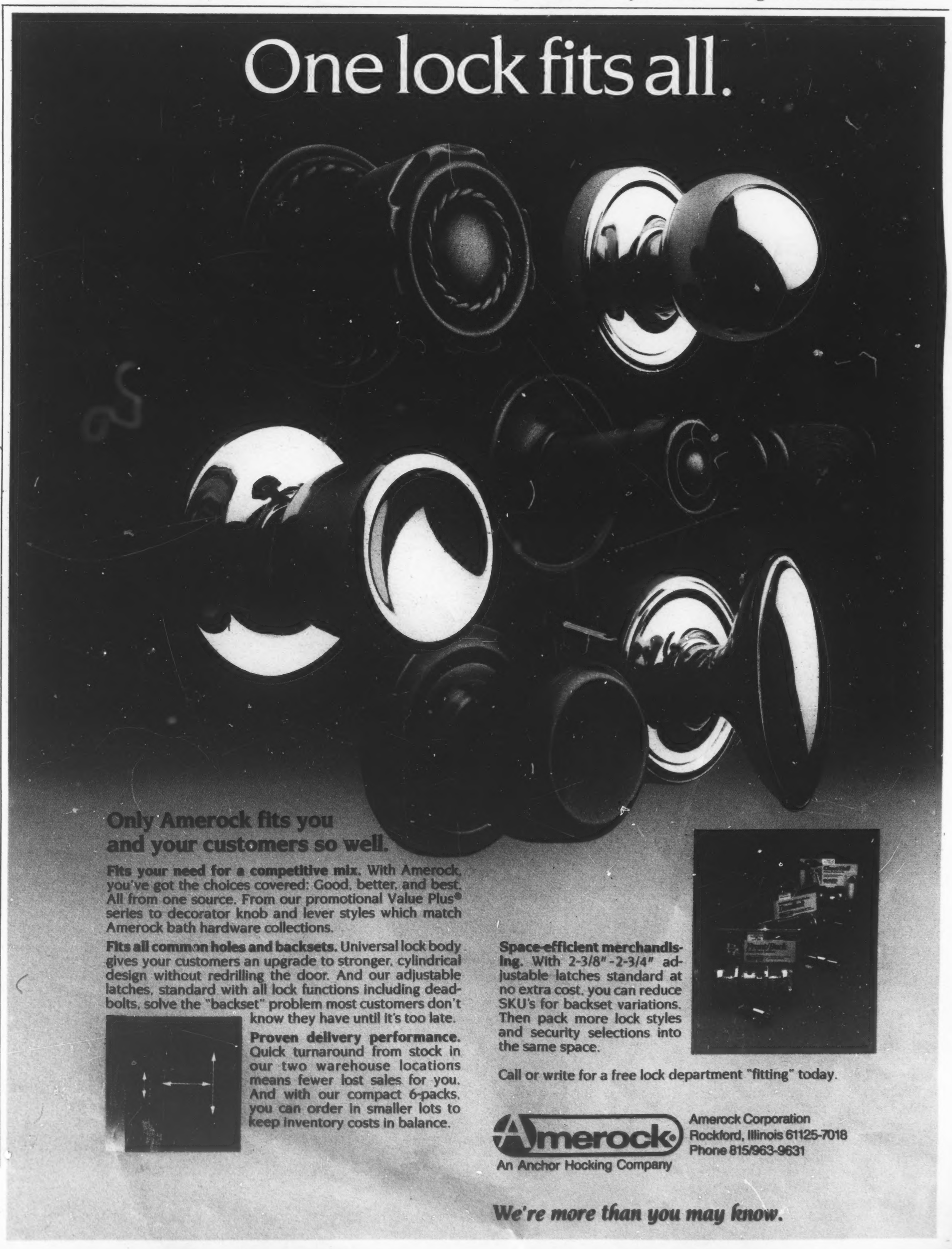
In March of this year, Lebhar-Friedman mailed questionnaires about these issues to 478 home center building materials retailers, in care of their cfo's, comptrollers or directors of personnel. A follow-up mailing was sent two weeks later, with the result that a total of 160 completed questionnaires were received. This represented a response rate of 33%. The margin of error for the resulting figures is estimated at + or −6%.

Of the 160 retailers participating in the survey, 68 were home center companies, 75 were lumber/building materials dealers with sales to contractors exceeding 50% of business and 10 were hardware dealers. Seven respondents did not answer the question.

Taken as a group, all respondents said that some 50% of their sales were to do-it-yourselfers. Separately, consumer proportions were 68% for home centers, 32% for lumberyards and 78% for hardware stores.

Respondents had an average of 212 full-time and 154 part-time employees.

Coming in the July 15 issue of *National Home Center News:* The 7th Annual Study of Consumer Attitudes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Industry Compensation Study

Major medical leads industry benefit offerings

(Continued from page 21)

personnel.

Other health benefits were not as commonly offered by retailers participating in the survey. Short term disability was provided by only 44% of all respondents to store level personnel, and by 46% to management personnel.

Prescription coverage/discounts were offered by 45% of respondents to management level personnel by 45% of respondents, and to nonmanagement personnel by 43%.

Long term disability seemed more popular as a benefit for management level personnel than it did for nonmanagement personnel. Some 38% of the former are offered the benefit, but only 26% offer it to the latter group.

The incidence of long term disability also varies by region. While 50% of the northeastern retailers offer it to management personnel, less than 1 out of 3 retailers in the south and west offer it.

Dental plans were the least popular health benefit, perhaps because of the difficulty in finding suitable plans. They are offered by only 37% of home centers, 28% of lumberyards and 10% of hardware stores participating in the survey.

Building supplies retailers in general offered contributory type life insurance about 25% of the time to both categories of employees. While 63% of respondents offered company paid plans to management employees, only 56% offered it to nonmanagement personnel.

Retailers doing between $25 million and $100 million annually seemed to be particularly fond of company paid life insurance plans. Some 90% of them offered the benefit to both categories of employees, a level considerably higher than that of both smaller and larger companies.

When asked about four financial service benefits, respondents indicated that some form of profit sharing was most popular. Some 43% offered it to management personnel, while 36% offered it to nonmanagement employees.

Profit sharing was especially popular in the south, where virtually half the respondents offered it to management personnel. In general, however, larger companies offered the benefit only 29% of the time to their managers.

Pension plans were offered by about one-third of respondents to the survey, and seemed especially popular at home centers, 37% of which offered them to both classes of employees.

Savings and investment plans were offered by about 1 out of 10 respondents to management personnel, and by 7% to their nonmanagement personnel. Larger retailers seemed to find this benefit especially attractive.

Stock option/ownership plans were offered by 11% of respondents to their management personnel, but by only 4% to their nonmanagement personnel. Home centers seemed to find this benefit more to their liking than did lumberyards. And over one-third of larger companies offered the benefit to their managers, while only 3% of companies doing under $25 million did likewise.

Percentage of Home Centers Offering Benefits

Benefit	Management Personnel (%)	Store Level Personnel (%)
Major medical	94	90
Surgical coverage	85	84
Hospital coverage	88	84
Short term disability	47	44
Prescription coverage/discounts	47	47
Long term disability	46	34
Life Insurance		
Company paid	60	53
Contributory	28	25
Financial Services		
Profit sharing	43	40
Pension plan	37	37
Savings plan/investments	13	6
Stock option/ownership	16	4

Source: Lebhar-Friedman Research; NHCN chart.

While major medical was the most frequently mentioned health benefit in a recent survey conducted for NHCN, hospital and surgical coverage were also popular. Hospital coverage was provided management level personnel by 88% of the home centers responding and 84% for store level personnel. Surgical coverage was provided at about an equal rate of 85% and 84%, respectively.

Part-time help major part of employee mix

NATIONAL REPORT — Home centers responding to a survey recently conducted by Lebhar-Friedman for *National Home Center News* have mean average of 381 full-time employees, compared with 155 for hardware stores and 76 for lumberyards.

These same home centers have an average of 335 part-time employees, compared with only 105 for hardware stores and 11 for lumberyards, the survey showed.

At the same time, some 25% of home centers said that they had at least some employees who were union members. This figure was above the average of 20% of the lumberyards and hardware stores who made the same statement.

However, those home centers reporting the presence of union members said that only a mean average of 15% of their employees belonged to such unions. For lumberyards reporting some union membership, the average participation was much higher—30%—and for hardware stores the figure was 20%.

Some 61% of the respondents to the survey had fewer than 30 full-time employees, while 49% had fewer than 30 part timers.

Home centers exhibited somewhat more of a propensity toward part timers than did their lumberyard and hardware store competition. Only 32.4% of them reported fewer than 30 part timers.

As for the number of full-time employees in a typical store, respondents in general said the number was 19. When taken as a separate group, home centers reported a per-store average of 21. Lumberyards said their average was 17 and hardware stores reported 26.

The typical store of respondents had 10 part timers, a figure that compared with 30 at home centers when broken out separately, three at lumberyards, and nine at hardware stores.

The Midwest seemed much more prone to using part time help, since respondents there said they employed an average of 17 such workers.

Industry Compensation Study

East and West don't meet on salaries, bonus

NATIONAL REPORT — While store managers and ceo's of building materials retail operations in the northeast are apt to be paid more salary than their peers in other parts of the country, they are somewhat less likely to receive bonuses.

This is one of the key findings from a survey of building supplies retailers recently completed by Lebhar-Friedman Research for *National Home Center News*. The survey mailed questionnaires to 478 home center, lumberyard and hardware store operations. One hundred sixty recipients completed and returned usable questionnaires, representing a 33% response rate. The participation was great enough to provide a clear look at various trends under way in various parts of the country.

Incidence of Bonuses Awarded by Region
(%)

Position	West	Midwest	Northeast	South
Store manager	62.3	67.4	50.0	73.3
Ceo/coo/president	32.1	48.8	44.1	56.7
Assistant store manager	34.0	34.9	29.4	33.3
Vice president operations/gm	24.5	30.2	35.3	26.7
Buyer (3+ years experience)	13.2	25.6	38.2	30.0
Cfo	13.2	23.3	29.4	33.3
Department manager	20.8	16.3	26.5	30.0
Vp merchandising/gmm	13.2	25.6	20.6	13.3
Director of advertising/marketing	5.7	18.6	17.6	16.7
Area/regional supervisor	7.5	23.3	11.8	10.0
Merchandise manager	9.4	11.6	11.8	23.3

Source: Lebhar-Friedman Research; NHCN chart

A survey of home centers, lumberyards and hardware stores revealed great variation in the amount of bonus money personnel receive, depending on the area of the country.

Participants in the survey were asked to indicate salary levels for 12 categories of personnel. For each category, the participant checked one of 17 boxes, ranging from "under $20,000" to "$300,000 or more." The 15 boxes in between were arranged in increments of $5,000 up to the level of $60,000, and in broader increments after that.

Store managers, it appears from the figures, receive a median average of $30,900 in the Northeast. This is 22% higher than the median average of personnel in the same position in the Midwest, where the pay clocks in at $25,300. The average salary in the South and West come in between those extremes.

For ceo's/coo's/presidents, the Northeast offers a similar attraction. The median average salary there for personnel in this position was clocked at $70,000, a full 50% higher than the salary for that position in the South. Again, salary levels in the other two regions of the country were between those extremes.

Perhaps partly in response to the need to attract the best talent in a hotly competitive area with new advertising ideas, building materials retailers in the western states offered by far the best pay to directors of advertising and marketing, according to the survey. The median average of $52,500 was a full 163% above the $20,000 paid in the South. The median average for the salary of a director of advertising in the Midwest was $36,200, and in the Northeast, $38,700.

The Midwestern respondents to the survey exhibited a propensity to offer higher salary to vice presidents of operations/general managers. The median average of $52,500 was 40% higher than the $37,500 offered in the South.

Vice presidents of merchandising are paid the highest salaries in the West. Their $65,000 compensation there represents a 41% increase over the $46,200 compensations of those in the same position in southern retail chains.

The Northeast offered the best pay to merchandise managers. The $40,000 pay scale there is 50% higher than the $26,700 paid by southern retailers.

Store Level Personnel

Store clerks, no matter what their level of experience, seem to fare better in the Northeast than elsewhere, according to results from the survey.

A store clerk's starting salary, for example, is apt to be $4.68 an hour in that part of the country, compared with $4.06 in the Midwest.

For a store clerk with one year's experience, the pay in the Northeast averages out to a median $5.41, higher than the other parts of the country, including the Midwest, which offers an average of $4.66 an hour.

And when a store clerk has three or more years of experience at the company under his belt, he is apt to be paid $6.56 at the northeastern retailer, while the Midwest, again with the lowest rate, might pay an average of $5.51.

Western respondents to the survey seemed to pay more for their part-time personnel, on the other hand, than did retailers in other parts of the country. A part-time cashier gets a median of $3.88 in the West, compared with $3.76 in the Northeast.

A part-time store clerk with a starting salary gets $4.07 in the West, compared with $3.59 in the Midwest. After he accumulates three years' experience, his salary is apt to be $5.16 in the West and $5.26 in the South.

Bonuses by Region

While northeastern store managers were apt to get higher salaries than their peers in other parts of the country, they did not receive bonuses nearly as often. Only 50% of respondents there said that they gave bonuses to managers, while over 73% of respondents in the South—the part of the country that awarded bonuses more often than any other—said they did so. About 62% of respondents in the West, and 67% of respondents in the Midwest, followed suit.

When taken together as a group, store managers across the nation received bonuses more often than did any other category of personnel. Some 63% of responding retailers said they awarded bonuses to store managers.

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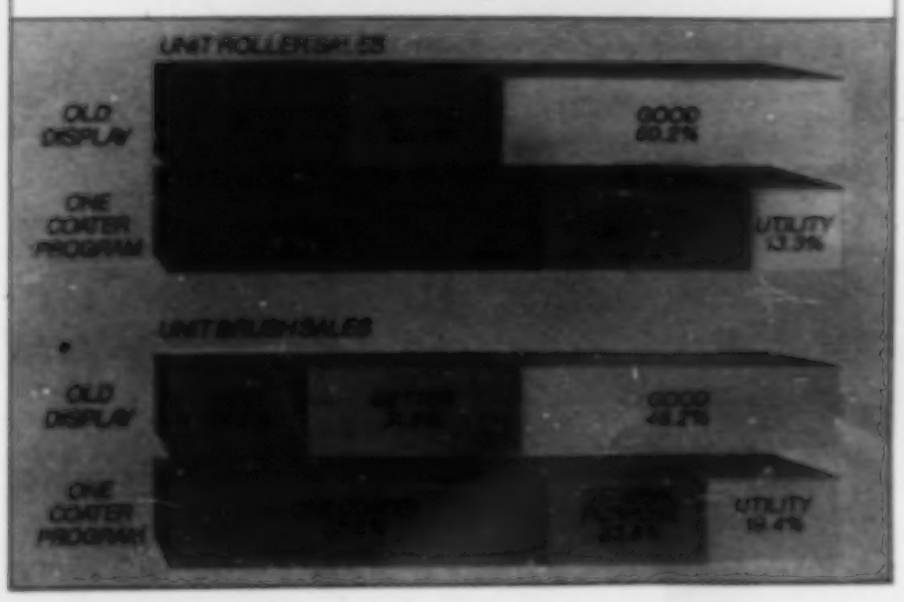

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Industry Compensation Study

Company size plays key role in compensation

NATIONAL REPORT — Management level personnel, particularly those at the upper levels, appear to be compensated more by larger building supplies retailers than they are by smaller ones.

Store level employees, on the other hand, are compensated more evenly by building materials retailers of various sizes. Indeed, in some cases, lower level employees seem to be compensated better by smaller companies than by larger ones.

These are the results obtained by a new survey conducted by Lebhar-Friedman Research for *National Home Center News*. The survey tabulated responses from questionnaires mailed to 478 building supplies retailers. Of the forms mailed, 160 were completed and returned by retailers, representing a 33% response rate.

Of the 160 participants in the survey, some 76% said their annual volumes were under $25 million. About 13% said their volumes ran between $25 million and $100 million. And 6% said their sales totaled over $101 million. About 5% did not answer the question.

Of those respondents saying their annual volumes were less than $25 million, about a third were home center operations and half were lumberyards. Of those ranging from $25 million to $100 million, some 60% were home centers while about a third were lumberyards.

As for those respondents pushing volumes of over $101 million, nearly 3 out of 4 were home center operations, while 21% were lumberyards.

When all respondents were included in one group, about 41% said their do-it-yourself oriented sales accounted for over 50% of their annual volumes.

Generally speaking, the disparities in salary levels for comparable positions seem to be most pronounced at higher levels of the corporate chart.

Payroll expenses vary

For example, ceo's/coo's/presidents are paid a median average of $135,000 by respondents with volumes over $101 million annually. This figure is 50% higher than the salary paid for the same position by companies doing from $25 million to $100 million annually. And it's 210% higher than the same salary paid for the same position at retailers doing under $25 million.

As for cfo's, the salary figure is also disparate when compared with the figures at the midlevel firms. The $68,700 median salary at the largest firms is 31% higher than that paid by the midlevel outfits, while it is 42% higher than the $48,300 median average paid by the smaller retailers.

Directors of advertising and marketing are paid a median average of $53,700 by the larger retailers responding to the survey, a level of compensation that is 50% higher than that paid by midsized respondents and 169% higher than the comparable salary at smaller retailers.

Vice presidents of operations, too, show salary levels that, at upper end retailers, are 12% higher than midlevel retailers, and 123% higher than the smaller outfits.

The $76,700 median average paid to vps of merchandising by the largest retailers is 57% higher than salary for the comparable level at midsized companies, and 64% higher than that paid for the smaller firms.

Salary Levels by Chain Volume

($ thousands)

Position	Under $25 million	$25 million to $100 million	$101 million to and over
Ceo/coo/president	$43.6	$90.0	$135.0
Cfo	48.3	52.5	68.7
Director of advertising/marketing	20.0	35.8	53.7
Vice president of operations/gm	32.5	65.0	72.5
Vice president merchandising/gmm	46.7	48.7	76.7
Merchandise manager	23.5	34.2	46.2
Buyer (3+ years experience)	24.5	28.9	29.4
Buyer (trainee)	12.5	20.0	17.5
Area/regional manager	36.9	36.7	43.0
Store manager	25.7	30.0	31.9
Assistant store manager	22.0	21.4	22.0
Department manager	16.8	17.1	14.0

Source: Lebhar-Friedman Research; NHCN chart. All salaries are median averages.

Company size was a major factor for industry salaries in a recent survey conducted for NHCN. Upper management level personnel appeared to be compensated more by larger building supply retailers.

In a further reflection of how larger companies pay premiums for personnel who can handle management responsibilities in the all-important merchandising areas, pay for merchandise managers at larger firms is 35% higher than that paid by midsized companies.

The disparities start to lessen at the area/regional supervisor level, where the $43,000 median salary paid by the upper end companies is about 17% higher than that paid by the retailers selling under $100 million annually.

Salary levels paid by building supplies retailers of various sizes level off dramatically for personnel who are in nonmanagement, or store level, positions.

The $31,900 median average paid by retailers doing over $101 million annually to store managers, for example, is only 6% higher than the level paid by midsized retailers doing between $25 million and $100 million. However, it is 24% higher than the median of $25,700 paid by the smaller retailers.

And the $22,000 median average the larger retailers pay their assistant store managers is practically level with that paid by retailers doing under $100 million annually.

For department managers, it appears that the larger retailers, perhaps because they have divided their stores into more departments of responsibility, and have more stores so that department managers can be advanced to higher positions, actually pay less than smaller retailers.

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Federal deficit could kill credit extension bills

(Continued from page 3)

In fact, support for the credits among retailers has waned and last year while in Washington for meetings with Congressional committees, 250 members of the National Lumber and Building Materials Dealers Assn. voted 71% to 29% against extending the credits. Harry Horrocks, governmental affairs director, said the dealers favored eliminating the credits as a way of helping to balance the budget.

And, last November when then-Treasury secretary Donald Regan, now White House Chief of Staff, unveiled his tax simplification plan, all energy tax credits including those for conventional energy sources—oil, coal, gas and nuclear power plan construction—were tagged for elimination. The President has said he supports the Treasury proposal.

According to David Nemtzow, policy analyst with Northeast-Midwest Institute, a nonprofit policy research organization, and one of the architects of the Heftel/Downey legislation, budgetary issues were considered when the bill was drafted. "We were very cost conscious," he said. "We made a lot of cuts."

For residential users, two kinds of credit are and would continue to be available under the pending legislation introduced by Heftel and Downey: one for conservation; the other for renewable energy products.

Only homeowners living in a house built before April 20, 1978, are eligible to participate in the program. They also must be owner-occupants.

The home conservation portion of the program would be extended only through 1988. It includes purchases for insulation, storm windows but not storm doors after this year, caulking, weatherstripping, automatic thermostats and some furnace improvements. The program would change from a 15% credit on the first $2,000 of purchases for a total credit of $300 to a 25% credit on $700 for a maximum credit of $175.

Families with annual incomes exceeding $30,000 would not be eligible for conservation credits under the new plan.

Nemtzow explained that the $700 purchase ceiling was created after research showed the average conservation purchase amounted to just $700. Similarly, the income cap was added when it was learned that 50% of the families seeking the credits had incomes above $30,000 and 50% had incomes below that amount. Commented Nemtzow: "The lower- and middle-income people need the credits more."

(Continued on page 36)

Proposing a fade-out for home energy tax credits

Renewable Energy And Conservation Transition Act of 1985
(residential credits)

Technology	Current Law % credit (maximum expenditure) 1985	Proposed Extension % credit (maximum expenditure) 1986	1987	1988	1989	1990
Solar heating & cooling	40% ($10,000)	35% ($6,000)	30% ($6,000)	25% ($6,000)	20% ($6,000)	15% ($6,000)
photovoltaics	40% ($10,000)	40% ($10,000)	40% ($10,000)	40% ($10,000)	40% ($10,000)	40% ($10,000)
Wind	40% ($10,000)	35% ($20,000)	30% ($20,000)	25% ($20,000	0%	0%
Geothermal	40% ($10,000)	40% ($10,000)	30% ($10,000)	20% ($10,000)	0%	0%
Conservation*	15% ($2,000)	25% ($700)	25% ($700)	25% ($700)	0%	0%

*Proposed conservation credit could be claimed only by households with incomes of $30,000 or less. Current law has no income ceiling.

Source: Renewable Energy and Conservation Transition Act of 1985

Although several bills have been introduced to extend or gradually phase out energy tax credits, the increasing Federal deficit could eliminate any chance of passage.

Tax credit end won't affect energy sales

(Continued from page 34)

them but not with the same zeal."

Although some retailers and energy product manufacturers, including Owens-Corning, say the Government would be better served by ending the credit program, even though they benefit from its existence, one retailer, Niehaus Lumber Co. of Vincennes, Ind., would like to see the program extended.

Bernie Niehaus, president of Niehaus Lumber, said when he introduced a new solar energy heating system to his builder customers in February, many said they were committed to trying it until they learned the energy tax credits were due to expire.

"We do need to give people incentives to buy or companies won't get new products into the marketplace," asserted Niehaus. "I remember 25 years ago when I couldn't get people to put in insulation because they said it was too much money, [made of] Fiberglas and a new product.

Niehaus, like Spahn & Rose of Dubuque, Iowa, are two of the few retailers who think solar products have sales potential in the retail environment.

Bob Haverland, architectural and solar designer for the 25-unit company, said he does a "fantastic" business selling solar collectors.

Available in two varieties, Spahn & Rose sells a completely assembled solar collector panel for the side of the house for $372 per panel that Haverland said is simple to install, and a DIY kit for $200 that takes about eight hours to assemble.

Many other retailers, however, report they have deliberately omitted solar energy products from their inventories because solar isn't typically a DIY project. Also, they note, solar needs to be sold by very knowledgeable sales personnel.

Frank Powers, executive vp at Builders Square, the 17-unit San Antonio-based retailer of warehouse stores, echoed the views of many retailers. "Solar may have some value in the future, but not now. The average DIYer wouldn't attempt to install it." Also, he added, full systems are very costly with very long payback periods.

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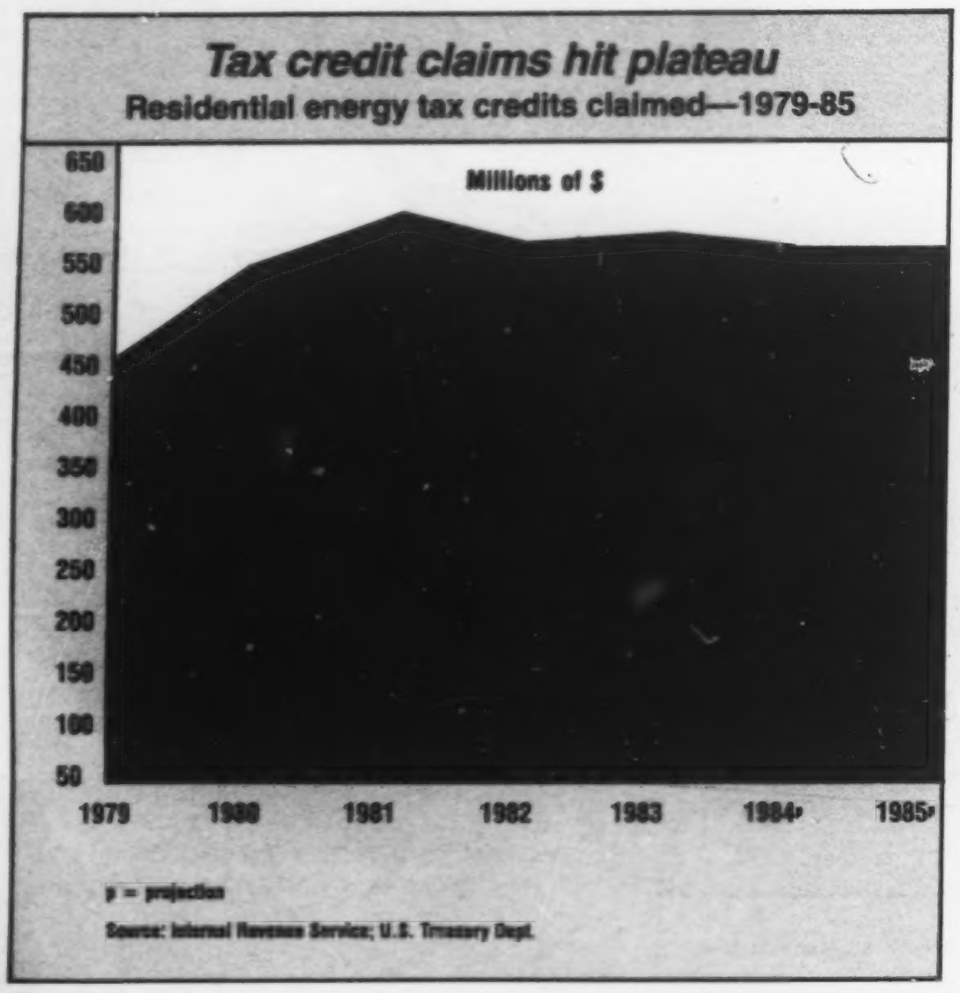
MERCHANDISING

Deficit reduction could nix energy tax credits



Energy tax credits peaked in 1981 when nearly $601 million was claimed by homeowners, according to the Internal Revenue Service.

(Continued from page 35)

Storm doors were eliminated from the list of conservation items primarily as a way to "pinch pennies," Nemtzow said, and also because they "aren't the best energy investment you can make, based on research done." (Although many retailers agree, several storm door manufacturers dispute that claim.)

Credits for home renewable energy projects—solar, wind and geothermal—although extended were put on a phase-down plan in the new bill as a way of easing out the credits altogether.

"If the credits aren't phased out, we'll lose half our industry overnight," asserted Scott Sklar, director of governmental relations for the Solar Energy Industry Assn. based in Washington. "It would be a market shock."

Currently, homeowners can qualify for a 40% credit on the first $10,000 of purchases for a maximum credit of $4,000.

The pending legislation—in both bills—would extend solar heating and cooling credits through 1990 but at 35% of $6,000 in 1986 + 15% of $6,000 in 1990.

Solar photovoltaics, the youngest new energy industry, would remain credited at current levels.

Wind and geothermal energy credits would be extended only through 1988. Wind projects would receive a 35% credit on purchases up to $20,000 in 1986, down to 25% of $20,000 three years later.

Geothermal energy credits would stay at the 40% of $10,000 level in 1986 and drop to 20% of $10,000 in 1988.

Solar energy credits were dropped to $6,000 mostly to reflect the below $6,000 average cost of solar hot water heaters, Nemtzow noted.

Although there are no hard and fast estimates on how much the extension program would cost the Federal Government, some informed sources "guess" the five-year program could run to $2 billion, including business credits, $650 million to $700 million for the residential credits alone.

According to the U.S. Treasury Department, residential claims for energy tax credit in both 1984 and 1985 are projected at $572 million each, $20 million more than was actually claimed in 1983.

When the existing legislation was first enacted in 1979, $473.6 million in claims were made, according to the Internal Revenue Service. The peak year for energy tax credits was 1981 when nearly $601 million was claimed by homeowners.

Specialty energy retailer gears future for hardware

GRAND RAPIDS, Mich. — The energy specialty store seemed the perfect business prospect at a time when homeowners sought to combat escalating electricity bills of the early 1980's. A handful of entrepreneurs here approached this idea independently, only to find that a couple of years later, the demand for such energy related products came close to nil.

Most of these energy stores have gone out of business. A survivor, Energy Depot, which opened in November 1981, has been called Energy Depot *and Hardware* since April 1984 (emphasis added).

"Three and a half years ago I started a retail energy store," said Energy Depot owner John Blackler. "Eighty per cent of my business now is hardware." Blackler has been phasing out his line of energy-related products since sales dropped approximately 25% in February 1984.

According to Blackler, a major reason for the drop in sales was that the consumer simply got accustomed to paying higher bills. In addition, "The price of gas and electric has not been increasing as [fast as] it was a few years back," Blackler said.

The conversion of Energy Depot into a hardware store was actually a mixed blessing. Despite the setback it initially experienced the winter of 1984 when sales dropped, the store's annual volume has since doubled. In addition, advertising costs have been cut by 75%.

For the first two to three years, Energy Depot advertised in the local newspaper on a weekly basis. Now, the store uses eight-page flyers only four times a year.

"I don't need to advertise as heavily as I did with the energy products," Blackler said. "With energy, I had to advertise each individual product and do a lot of explaining as to what the product did and what its advantages were." Blackler explained that it is easier to sell and advertise hardware because consumers are more familiar with products and their uses. "Everybody knows what a nail is," adds Blackler.

The most effective advertising strategy Blackler utilized, however, was to change the name of the store and the sign on the door. "People driving by just stopped in."

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SYSTEMS & OPERATIONS

Communication systems see rapid changes

NATIONAL REPORT — Significant changes in communications systems have either been recently instituted, or are planned for the near future, by some 92% of companies participating in a recent survey conducted by The Conference Board, a New York research firm. Changes most often affect the hardware used for communications, the financing involved and the carrier selected for long distance services.

Two-thirds of the 348 companies surveyed have made changes in organization or staffing to handle their communications in the last two years.

Two major forces propelling these changes are widespread dissatisfaction with the quality of telephone service in the wake of the 1984 divestiture and the availability of superior new technology.

With these massive shifts about to get under way, telecommunications revenues are projected to climb from $14 billion in 1984 to as much as $59 billion annually by the early 1990's.

"Corporate telecommunications managers, whose companies spend tens of millions of dollars a year on equipment, service and overhead, express almost unanimous displeasure with the quality of the current telephone service," said Nathan Weber, author of a survey-based study called "Current Issues in Corporate Telecommunications."

"It seems clear that the widely heralded improvement in service that was supposed to spring from the new competition has yet to materialize," he said.

More than 80% of the communications managers surveyed said their telephone service had deteriorated since the AT&T divestiture. The major complaint involved the difficulty of locating personnel responsible for maintaining and providing essential information about phone service. "Managers report they often cannot find mid-level managers in their phone supplier's companies who will take responsibility for errors and work to correct them," the study found.

Nearly 70% of companies surveyed said that installation of new equipment is unacceptably slow and that billing errors are mounting.

Other common complaints: Too many confusing options from vendors, too little coordination among suppliers and lack of guidelines to help with making informed choices on systems and components. The list of complaints also include a lack of competence among sales and service personnel, a noticeably lower quality in the actual transmission of voice and data and a lack of personnel among the buyers surveyed with the adequate expertise to make effective choices.

As a result of these complaints, the study found that the two key qualities managers look for in selecting a carrier are reliability and service.

Cost considerations were cited as important by respondents in one area of change, the "bypass" option, which allows phone users to avoid connecting into local telephone exchanges. The study finds that more than 80% of those surveyed are already using or plan to use bypass facilities.

At least seven different bypass systems—ranging from microwave radio and digital electronics to various cable and fiber optic networks—are currently in use.

Firms will spend more
Projected Change in Telecommunications Budget Costs

% Increase	% of Respondents
Under 5%	10%
5%-8%	21
9%-12%	24
13%-20%	15
More than 20%	7
No change	13
% Decrease	11

Source: The Conference Board; *NHCN* Chart

Seventy-seven per cent of firms responding to a recent Conference Board survey reported that they projected an increase in telecommunications budget costs. Thirteen per cent reported no change and 11% expected a decrease in budget costs.

Firms overhauling their communication systems
Corporate Telecommunications Plans

Changes planned for:	% Planning changes
Internal Network (e.g., upgrading the PBX)	70%
Long distance services	62
Terminal equipment (e.g., purchasing leased phones)	58
Access to the local loop	32
Other	9
No major changes	8

*Sum is over 100% due to multiple responses
Source: The Conference Board; *NHCN* Chart

Modifications in internal networks was the most frequently mentioned change planned for communications systems in a recent Conference Board survey.

Home center shrinkage up 12.2% in '84

NATIONAL REPORT — Home center inventory shrinkage increased by 12.2% in 1984, according to a survey conducted in the Peter Berlin Report, published by Price Waterhouse. This compares favorably, though, to the average 14.9% increase in shrinkage seen from all eight types of retail stores surveyed.

Retail shrinkage on the rise

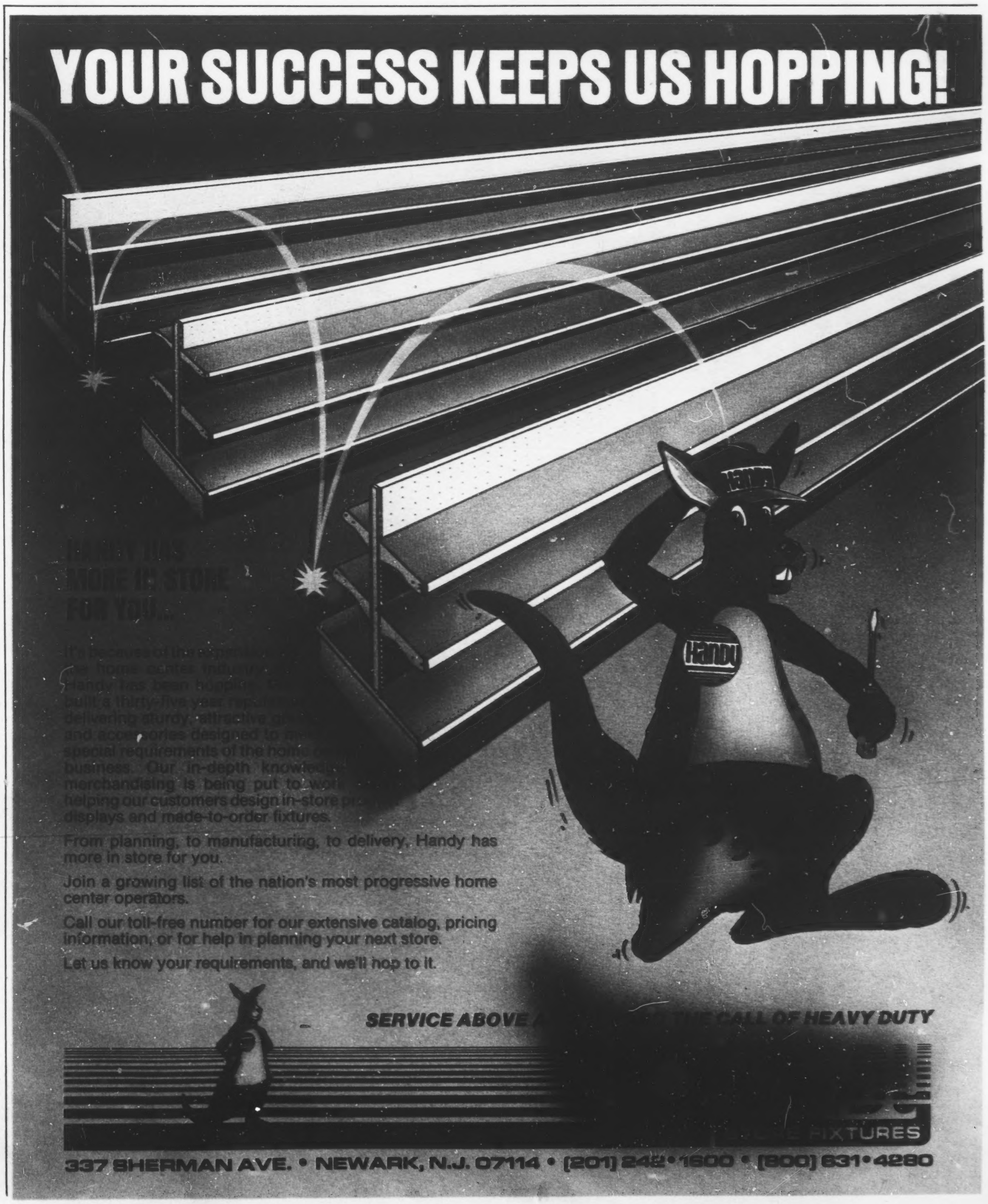
Sales increases	+10.60%
Shrinkage increase	+14.90%
Shrinkage as a % of sales (1983)	1.51%
Shrinkage as a % of sales (1984)	1.57%
Change in shrinkage as a % of sales	+ 4.00%

Source: Peter Berlin Report; *NHCN* chart

The survey tabulated reports from 80 retail firms, with 11,041 stores, subscribing to the Peter Berlin Report. Shrinkage for home centers, as a per cent of sales, increased 2.4%.

The average 14.9% increase offers a sharp contrast with the previous year's study which has shown a shrinkage decrease in fiscal 1983, for all categories, averaging, 12.9%.

Commenting on the overall survey results, Berlin said that fiscal 1984 ws marked by uncertainty. Sales were erratic and promotional activity was heavy as retailers struggled to keep inventory levels down, in the face of strong competition.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Plumbing, heating, cooling supplement:
The one-step, two-step shuffle—pp. 27-42

National
Home Center News

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"You've created a money machine. It comes in the back door as nails and boards, and goes out as cash."

—Jack D. Guthrie, Builders Square operations vp, at opening of Sterling Hts., Mich., unit. NHCN photo

Builders Square expansion: 2 units in Detroit, 2 in Florida

Church's gets new life, new stores, new style

UTICA, Mich. — Church's Lumber Yards said it would increase its store count by some 25% this year with the opening of three stores intended to firm up its competitive position in the Detroit market.

The company also plans to complete the modernization of its older stores with the renovation of three units by the end of this year. The expansion and remodeling comes at a time when the Detroit market is heating up from the arrival of Builders Square and renovation of Forest City, with The Home Depot expected in 1986.

The round of new stores, which is bringing new life to a chain that has maintained a relatively level store count of about a dozen units over the past several years, began May 5 with the opening of a 13th unit in the Oak Park section just north of downtown Detroit.

The 30,000-sq.-ft. store will be followed, according to company president William R. Church, with a unit to be opened July 4 in Sterling Heights, about seven miles from a new Builders Square warehouse which opened last month in that northern Detroit suburb.

Church would not specify the location of the third unit slated for this year, but said it would open in

(Continued on page 66)

By Phillip M. Perry
NHCN senior editor

DETROIT — Builders Square stretched its coverage farther north and south last month, with the M[illegible] of an 80,000-sq.-ft. unit in this city's northern suburb of Sterling Heights, preceded the previous day by new stores in the Florida towns of Daytona Beach and Pensacola.

The Sterling Heights store is part of a larger effort by the chain to have up to nine warehouse stores in the Detroit market by next year. Builders Square had opened a smaller store in Detroit's eastern suburb of Mount Clemens in April.

"Detroit is one of the strongest markets in the country," said Bernard Fauber, chairman of K mart, the parent company of Builders Square, while walking the floor of the Sterling Heights store on opening day. "There's a lot of pent up demand" for home improvement products, he added.

Builders Square officials attending the Sterling Heights opening said the company

(Continued on page 49)

Mich. Gen'l plans sale-leasebacks to cut Diamond debt

Firm garners $10M from 5 Calif. stores; President Boudreau resigns post suddenly

John Boudreau, after meeting with security analysts in New York. NHCN photo

NEW YORK — Michigan General, parent company of the unit Diamond Lumber, has accepted an investor group offer for the sale and leaseback of five Sacramento, Calif., area stores, for $10 million.

The move is part of a larger effort by the $449 million company, which is based in Carrollton, Tex., to obtain up to $60 million in revenue from the sale and leaseback of Diamond Lumber units this year and next.

"The revenues will be used to grow Diamond Lumber, to relieve our long term debt and chiefly to relieve our short term debt," said corporate president and ceo John R. Boudreau speaking to a group of securities analysts here May 30.

On June 3, subsequent to the analysts' meeting, Boudreau resigned from the company, de-

(Continued on page 66)

Dealers, contractors offer to help rebuild Philly neighborhood

Mr. Goodbuys' Erlbaum, other samaritans lend assistance to Mayor

By Milford Prewitt
NHCN associate editor

PHILADELPHIA — About a month ago, a part of a west Philadelphia neighborhood that Steven Erlbaum had once called home burned down during a controversial and highly publicized police action.

Erlbaum, chairman of Mr. Goodbuys Inc., grew up a few blocks away from the site of the May 13 inferno that killed 11 members of a radical group, destroyed 60 homes, upset the lives of dozens of families and left a $5 million repair bill before it was over.

Now, in an effort to aid in the recovery of the community, Erlbaum's Mr. Goodbuys, another local home center, several building contractors, construction suppliers and the National Assn. of Homebuilders have either made proposals or given material and financial assistance to the City of Brotherly

(Continued on page 65)

NEWSBREAKS

MR. HOW NAMES PRESIDENT. Norman Darrer was promoted June 3 to president, from operations vp, of Mr. HOW Warehouse, Margate, Fla.

SCOTT'S AGREES TO MERGER. Scott's Seaboard of Lithicum, Md., operator of 17 home centers, agreed to merge with General Host Corp., Stamford, Conn., for $3 per share on its 1.8 million outstanding shares of common stock.

Forest City takes shark-repellent measures —Page 2

Chains square off over use of "Builders" in name —Page 2

HomeClub opens 7th unit, eyes stock offering —Page 3

MARKET CLOSE-UP: Cape Cod —Page 20

Peter Kuntz' new campaign stresses family appeal —Page 23

Wickes on prowl for billion $ acquisition

Any potential target must be able to boost Wickes Cos.' bottom line

By Brad Altman
NHCN associate editor

LOS ANGELES — Wickes Cos. will spend as much as $1 billion on an acquisition within the next year, Sanford C. Sigoloff, chairman and chief executive, disclosed at the company's first annual meeting in four years.

Wickes emerged from nearly three years of reorganization under Chapter 11 of the U.S. Bankruptcy Code in January and three months later succeeded in raising $533 million in an offering of preferred stock and debentures (*NHCN*, May 20).

Sigoloff said a "major" acquisition would help the retailer accelerate the use of its $500 million net operating loss carryforward accumulated during Wickes' reorganization.

Under carryforward provisions of tax laws, income received from an acquired company is not taxable, which would allow Wickes to more quickly repay its debt.

Wickes is now paying off $55 million a year in interest and principal on debt expenses associated with repaying the Chapter 11 obligations, Sigoloff said.

Executive vp and cfo Wilhelm A. Mallory told *NHCN* following the May 21 meeting, which was attended by about 400 people, that Wickes may consider acquiring a wholesaling, distribution or retailing business.

Sigoloff said a "possible" choice is a consumer-oriented company operating in "national markets" with "predictable earnings." He added that an acquisition candidate would need to "fit in with [Wickes] management talents."

Financing the anticipated $1 billion price tag on a company would involve the use of the $533 million of preferred stock and debentures sold through investment banker Drexel Burnham Lambert Inc. in April, Sigoloff said. "One-half [$500 million] is in cash, the other half could be anything." He didn't specify the additional financing sources.

To meet Federal regulatory requirements in the aftermath

(Continued on page 66)

NHCNews Briefs

Industry Update

Scotty's files shelf offering

WINTER HAVEN, Fla. — Moving to lay the groundwork for a possible future debt offering to finance new store growth and expansion, Scotty's filed a shelf offering with the SEC on May 24 for $75 million worth of debt securities.

"Interest rates are starting to get more favorable, and we are planning ahead on our debt requirements," said Richard Martineau, vp/treasurer for the $440 million chain of 114 home centers.

Although the registration calls for the securities to be sold through Salomon Brothers, and Smith Barney, Harris Upham & Co., details such as names of the securities, interest rates, and timing had not yet been decided upon.

The company's last debt offering was in the summer of 1983, when it offered 990,000 common shares of stock to raise $27 million.

Hechinger slates Pitts. whses

LANDOVER, Md. — Hechinger, the $405 million home center chain, said it would open two warehouse units in Pittsburgh later this year. Details of the new ventures, including locations, were not available.

The company, which runs 47 stores, also announced its 41st consecutive quarterly earnings increase. Net earnings for this year's first quarter were $3.8 million, compared with $3.4 million for the same quarter last year.

Sales for the quarter were up 30%, to $114.6 million. Comparable store sales were up by 17%.

Pay 'N Pak closes 2 Tulsa units

KENT, Wash. — Pay 'N Pak's decision to close two "marginal operations" in Tulsa, Okla., last month lowers the chain's store count to 99 units in 17 western and midwestern states.

Company chairman David Heerensperger said "costs in connection with the closings were written off in the fourth quarter" of Pay 'N Pak's fiscal year, ended Feb. 28.

Earlier this year Pay 'N Pak closed a unit in the Seattle, Wash., area. The company did not disclose a reason for shuttering the store. Pay 'N Pak has not opened a new unit since May 1984.

A company spokesman said Pay 'N Pak continues to operate two units in Oklahoma City.

Depot's 1Q earnings fall 43%

ATLANTA — Conversion costs of its nine Bowater stores purchased late last year impacted Home Depot's first quarter earnings, which fell 43% to $1,045,000 for the three-month period.

Bowater alone suffered a net loss of $1,395,000 for the quarter ended May 5, on sales of $27,993,000. This loss, coupled with flat earnings growth from its other stores, resulted in a decline in Home Depot's earnings per share to 8¢ from 14¢ a year ago. Its sales for the quarter remained healthy, increasing by 51.3% to $145,048,000.

Lowe's plans 7 new units by '86

NEW YORK — Lowe's, the $1.7 billion North Wilkesboro, N.C.-based home center chain that now operates 275 stores, told securities analysts here that it planned to open three more stores during this year's second quarter, and another four stores by the end of the year. In addition, four more stores are currently under construction for opening by February of next year. Ten stores are also scheduled to be retrofitted into RSVP formats by the end of this year.

The three stores slated for this quarter are located in Fort Oglethorpe, Ga., Fort Pierce, Fla., and Southport, N.C. The first two are designed to have showrooms of 27,000 sq. ft., while the third will have a 6,000-sq.-ft. showroom and be oriented primarily toward professional sales.

The company also said it was looking at some very small acquisitions, that would involve taking on one or two units each, but that no decisions had yet been reached.

Cliff Oxford, the company's vp of corporate relations, also said that the company's new 400,000-sq.-ft. distribution center in the Atlanta suburb of Villa Rica, Ga., was scheduled to become operational by the end of last month.

Net sales for the three months ended April 30 were $452,330,000, up some 19% over the same period last year. Expenditures in regard to store retrofits and the taking on of the former Boise Cascade units were largely responsible for a 7% decline in earnings, which totaled $11.9 million for the first quarter.

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Vol. 11, No. 13 June 17, 1985

Dispute over 'Builders' name provokes legal suit in California

By Brad Altman
NHCN associate editor

LOS ANGELES — Builders Emporium wants Builders Square to rename itself when it begins opening stores in California, where Builders Emporium has 63 outlets and apparently believes the similarity of names will confuse consumers.

Builders Square has filed suit in Federal court to obtain a declaratory judgment that it may use its name without restriction.

Pretrial discovery and dissertation proceedings were under way late last month. No trial date had been set before Judge A. Wallace Tashima in the U.S. District Court.

"What we want is a preliminary injunction keeping them [Builders Emporium] from preventing us from coming to California," said Dick Alexander of the Chicago law firm Alexander Unikal Bloom Zalewa and Temenbaum, representing Builders Square.

Builders Square, the San Antonio-based K mart subsidiary, plans to open its first West Coast unit in Riverside, Calif., this summer.

The dispute was sparked by a letter that Builders Emporium, the Irvine, Calif., Weeks Co. division, sent this spring to K mart asserting that if Builders Square opened units under the Builders Square name in California it could constitute a trademark infringement.

Builders Emporium has been operating under that name since its original Van Nuys, Calif., store opened in the 1940's.

"The issue is that people refer to us as 'Builders' all the time and over the years we have developed a lot of goodwill and name-recognition using that name," said a BE official.

"We think it's kind of ridiculous," said K mart in-house counsel David Hears. "There are hundreds of companies with the name 'Builders' in [Cal]ifornia and thousands around the country."

This is not the first time that Builders Square has been involved in a name dispute. Before the company was acquired last summer by K mart, store names were changed from the original Home Pro Warehouse to Home Warehouse as part of the settlement of a suit brought by Pro Hardware.

Forest City controlling families move to guard against raiders

By Phillip M. Perry
NHCN senior editor

CLEVELAND — Forest City Enterprises said it would ask shareholders at its June 11 annual meeting to ratify the appointment of Ronald Ratner to its board of directors. Ratner is the vice president of Forest City Dillon, a construction contracting subsidiary.

When the appointment is ratified, members of the three families that control the $355 million corporation will occupy seven board seats, a majority of the 12 that are slotted for the company.

The move is part of a larger effort by the Ratner, Miller and Shafran families to position their company for growth without jeopardizing their control over its operations.

Forest City's concern reflects the growing number of hostile takeover efforts in industry, generally. Home center operators are well aware of the takeover of Evans Products by Victor Posner and some have taken protective action. Stockholders of Payless Cashways, for example, recently amended the company's articles of incorporation to protect the company against takeover attempts.

Forest City may be more nervous than most about protecting itself against attack by corporate raiders, however. The real estate held by Forest City Enterprises might be very tempting to takeover artists who seek companies that have stock trading at levels below the value of their holdings.

"Many analysts have said the stock of Forest City is worth from $25 to $35 a share, on a break-up basis," said Sheldon Grodsky, a real estate analyst at the New York investment firm of Edward A. Viner & Co. Late last month, the stock sold for 21½, somewhat shy of its 52-week high of 22¼.

"The real estate is certainly worth far in excess of its book value," said Grodsky, who has not, however, put pencil to paper to develop his own figure. "That [undervalued assets] is the essence of what the company is. The value of the real estate is a very subjective question. This is a company that has some unique assets," added Grodsky, pointing to downtown Cleveland's famous Terminal Tower—a Forest City property—as a prime example of an asset whose real value is difficult to assess.

The groundwork for the present effort to tighten control of the company was set a year ago, when shareholders approved a motion to divide the company's common stock into two classifications. Class A would have a higher dividend to make it more attractive to the public. Class B, on the other hand, would have 10 votes per share, and the right to elect 75% of the members of the board of directors.

"We classified the stock so that we can issue more without jeopardizing control of the company," said Lloyd T. Will, vp and controller of the corporation. Will indicated that the company presently had no plans to issue more stock. However,

(Continued on page 65)

Highlights in this issue

Merchandising Supplement

- *Dealers shuffle one-step, two-step in plumbing department tango* —Page 27
- *Pink Panther moonlights to tout water heaters* —Page 30
- *High-end faucets post consistent sales increases* —Page 32
- *Manufacturers plot high-end faucet strategy*—Page 36
- *Views vary on why wood burning products* —Page 38

Advertising & Marketing

- *Media blitz launches 4th Kuntz store in Dayton; campaign stresses family appeal and value rather than competitive price war* —Page 23
- *Detroit promos shift to high gear in reply to Builders Square entry* —Page 24
- *McCoy's all-star promo: Winners get taken out to the ballgame* —Page 25

Index

Ad Angles	25
Calendar	57
Classified	62, 63
Editorial	8
Financial News	4-6
Home Center Trivia	14
Housing Watch	64
Lumber Report	53
New Products	60, 61
News S&O Products	50, 51
People	14, 16
Washington View	8

Systems & Operations

- *Chandler adds drive-through yard to buoy professional builder business* —Page 52

FINANCIAL NEWS

31 Gainers

5 Unchanged

8 Losers

Gainers outnumbered price-change losers 31 to 8, with five stocks unchanged, on *NHCN*'s Industry Market Summary for the week ended May 31.

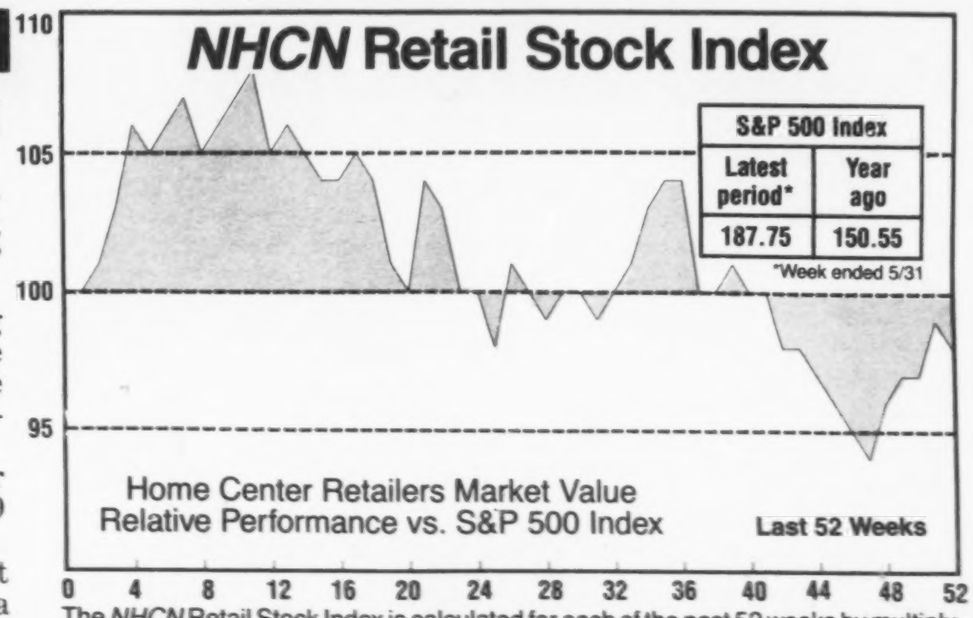
The Standard & Poor's 500 Index closed the period at 187.75, nearly 25% better than its year-ago figure. Retail home center stocks just about kept pace, as the *NHCN* Retail Stock Index closed at 98.0, relative to the S&P 500 Index.

Market activity on home center issues continued at a brisk pace during the two-week period at 50 of the 54 stocks listed traded at a higher volume than their 12-week average. Wolohan Lumber, Hechinger A and B, Home Depot, Boise Cascade, Sears, Edison Bros. and Lowe's were the most active retail stocks.

Waxman Industries, a major plumbing department supplier, had by far the highest two-week percentage price increase—22.4%, to $16.38 on 3.9 million shares traded.

Home Depot and Payless Cashways were the two biggest losers for the period. Depot closed at $16.50, down 13.7%, on some 18 million shares traded, while Payless was at $20.50, down 10.4%, on a two-week volume of 7.85 million shares.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219



The *NHCN* Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant (k) which adjusts the index to show its relation to the performance of the S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Wolohan Lumber M	3,684	383.8	3.8
Hechinger A M	3,880	344.0	- 1.8
Home Depot N	18,643	316.2	- 13.7
Boise Cascade N	15,542	289.7	7.5
Sears, Roebuck N	104,565	252.4	7.3
Edison Bros N	2,551	245.2	2.2
Hechinger B M	1,824	236.7	- 1.7
Walter, Jim N	9,624	232.3	6.4
Emhart Corp N	6,248	229.0	- .9
Lowe's Cos N	9,069	224.7	.0

TOP GAINERS

Company & Market	2-Weeks Ended 5-31-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Waxman Ind M	16.38	22.4	3,885
Am Standard N	32.00	9.4	6,797
USG Corp N	38.75	9.2	11,528
Lewis Palmer M	9.00	9.1	859
MacMlln Bldel N	16.75	8.9	350

TOP LOSERS

Company & Market	2-Weeks Ended 5-31-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Home Depot N	16.50	- 13.7	18,643
Payless Cash N	20.50	- 10.4	7,850
Clopay Corp A	19.38	- 7.7	108
Georgia-Pacific N	22.75	- 7.6	23,978
SW Forest Ind N	12.13	- 7.6	1,236

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 5-31-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio -; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report -, Period -, Date Ended -; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 5-31-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Boise Cascade N	44.88	3.13	7.5	44.88	42.50	44.88	32.50	15,542	5.69	1.46	289.7	18.7	1.90	4.2	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	16.75	.13	.8	17.00	16.38	20.00	13.63	3,024	3.28	1.66	97.6	11.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	35.25	.75	2.2	36.00	34.13	37.50	31.50	2,551	2.52	.73	245.2	13.5	1.60	4.5	NEW	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber O	22.00	.00	.0	24.00	22.00	22.50	18.00	26	.29	.18	61.1	6.7	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	2.00	- .13	- 5.9	2.13	2.00	6.50	1.75	1,005	.73	.81	- 9.9	NE	.00a	.0	NEW	3 mos.	03-85	229.3	- 22.6	(39.7)	NE	(2.95)	NE	229.3	- 22.6	(39.7)	NE	(2.95)	NE
Forest City Ent A	21.75	.75	3.6	21.75	21.25	22.25	15.00	23	.06	.04	50.0	44.4	.15	.7	NEW	fiscal	01-85	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Grace W R N	42.63	1.25	3.0	42.88	40.63	44.50	37.63	5,409	1.11	.91	22.0	11.2	2.80	6.6	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	27.25	- .50	- 1.8	29.00	27.00	29.00	15.75	3,880	5.55	1.25	344.0	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	28.50	- .50	- 1.7	30.25	27.75	30.25	16.75	1,824	1.65	.49	236.7	24.8	.10	.4	.....	fiscal	01-85	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	20.9	29.0	1.15	27.8
Hines Ed Lumber O	39.50	.00	.0	40.50	39.50	43.75	32.50	4	.02	.26	- 92.3	27.6	1.00	2.5	.....	fiscal	12-84	68.4	10.3	.2	- 33.3	.13	- 27.8	280.8	12.5	2.5	38.9	1.43	38.8
Homecrafters Whse M	8.50	.25	3.0	8.75	7.75	16.25	5.25	1,251	4.43	2.25	96.9	40.5	.00	.0	.....	fiscal	10-84	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot N	16.50	- 2.63	- 13.7	20.38	16.25	27.88	12.00	18,643	7.45	1.79	316.2	29.5	.00	.0	.....	fiscal	01-85	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp N	38.88	1.25	3.3	39.88	37.00	41.50	28.38	38,437	3.07	1.63	88.3	10.1	1.40	3.6	NEW	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	28.88	.00	.0	31.13	28.50	31.13	16.25	9,069	2.50	.77	224.7	17.0	.36	1.2	.....	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General A	6.00	.25	4.3	6.38	5.50	8.50	4.75	2,585	2.28	.77	196.1	28.6	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.00	.00	.0	5.38	5.00	7.50	4.50	276	.49	.43	14.0	20.8	.00	.0	.....	fiscal	12-84	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak N	13.88	.50	3.7	14.00	13.25	17.50	11.50	3,758	3.76	2.20	70.9	13.7	.60	4.3	NEW	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	20.50	- 2.38	- 10.4	23.38	19.75	23.38	13.50	7,850	2.29	1.37	67.2	18.5	.16	.8	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd O	1.50	.00	.0	2.00	1.50	2.75	1.00	10	.06	.06	.0	15.0	.00	.0	.....	fiscal	01-85	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc N	14.13	- .25	- 1.7	15.63	14.00	16.38	11.38	1,283	.97	.41	136.6	10.6	.52	3.7	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	38.63	2.63	7.3	38.75	35.63	38.75	29.75	104,565	2.89	.82	252.4	9.6	1.76	4.6	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
SW Forest Ind N	12.13	- 1.00	- 7.6	13.13	12.00	20.13	11.75	1,236	1.33	1.07	24.3	40.4	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Std Brd Pnt N	21.13	- .75	- 3.4	22.63	20.63	22.63	16.50	2,847	2.55	1.54	65.6	11.3	.56	2.7	.....	fiscal	01-85	70.7	6.0	4.5	36.4	.40	33.3	314.9	6.1	20.8	11.8	1.87	11.3
Supermkts Gen N	45.25	2.50	5.8	45.88	42.63	45.88	21.75	8,728	4.90	1.54	218.2	15.3	.42	.9	.....	fiscal	01-85	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wolohan Lumber M	6.75	.25	3.8	7.25	6.50	7.25	4.00	3,684	6.29	1.30	383.8	15.3	.16	2.4	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	9.00	.75	9.1	9.00	8.38	9.75	7.09	859	2.30	.98	134.7	29.0	.28b	3.1	.....	fiscal	01-85	30.7	25.3	(.3)	- 100.0	(.10)	- 100.0	144.4	19.3	1.1	- 38.9	.31	- 53.7
Manufacturers																													
Allegheny Int N	25.13	.25	1.0	26.00	24.88	28.75	18.75	1,569	1.49	1.11	34.2	NE	1.40	5.6	NEW	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	32.00	2.75	9.4	32.00	29.50	35.38	22.88	6,797	1.74	1.05	65.7	10.8	1.60	5.0	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	37.38	.88	2.4	38.00	36.50	38.00	23.25	5,578	2.34	1.49	57.0	10.4	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	20.50	- .50	- 2.4	22.75	20.00	26.88	17.25	21,762	4.32	1.61	168.3	11.6	.64	3.1	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	27.13	2.00	8.0	27.25	25.75	27.25	15.75	2,203	1.16	.46	152.2	12.7	.70	2.6	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	23.50	.13	.5	24.00	23.00	26.75	16.88	30,977	3.34	1.65	102.4	NE	.40	1.7	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	19.38	- 1.63	- 7.7	22.00	19.38	22.19	10.91	108	.72	.91	- 20.9	12.8	.16	.8	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	34.00	- .50	- 1.4	34.50	33.50	37.88	26.75	513	1.08	.48	125.0	11.0	1.40	4.1	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	27.75	- .25	- .9	28.75	27.63	32.25	24.53	6,248	2.27	.69	229.0	9.5	1.40b	5.0	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacific N	22.75	- 1.88	- 7.6	25.13	22.00	27.38	18.00	23,978	2.34	1.25	87.2	22.1	.80	3.5	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	18.38	- .63	- 3.3	19.38	17.63	20.72	13.81	2,712	1.52	.62	145.2	10.3	1.00b	5.4	.....	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	21.50	.63	3.0	22.38	21.25	24.75	16.50	5,376	1.56	.75	108.0	17.5	.80b	3.7	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMlln Bldel N	16.75	1.38	8.9	16.75	15.13	21.81	15.00	350	.12	.06	100.0	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	5.88	.25	4.4	5.88	5.13	10.63	5.13	6,932	2.89	1.23	135.0	2.7	.00	.0	.....	fiscal	12-84	456.5	5.8	18.2	1416.7	.50	NE	1814.2	4.9	77.2	14.9	2.18	23.9
Masco Corp N	35.38	.88	2.5	35.75	34.50	35.75	22.50	6,581	1.16	.69	68.1	17.7	.56	1.6	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	45.50	.25	.6	45.88	44.63	45.88	27.00	5,577	3.58	1.36	163.2	6.5	2.00	4.4	.....	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co N	16.13	.13	.8	16.25	15.88	19.00	13.25	658	.77	.42	83.3	9.9	.50	3.1	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.13	.63	1.8	35.25	34.00	37.00	25.13	4,528	1.53	.83	84.3	8.5	1.40	4.0	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot N	20.50	.25	1.2	21.50	20.38	21.50	15.00	324	.54	.26	107.7	NE	.80	3.9	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	35.50	- .25	- .7	36.63	34.63	38.13	25.75	1,404	.91	.52	75.0	12.7	1.56	4.4	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	39.50	.88	2.3	39.88	37.75	39.88	24.00	5,334	2.37	.83	185.5	13.8	.92	2.3	.....	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
Stanley Works N	30.13	.38	1.3	30.38	29.50	30.38	19.50	3,365	1.25	.89	40.4	11.5	.96	3.2	.....	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	15.88	- .13	- .8	16.75	15.50	18.88	12.38	323	.38	.15	153.3	9.0	.68b	4.3	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	26.25	- .38	- 1.4	27.25	26.25	31.25	20.75	1,542	3.79	2.09	81.3	7.9	1.00	3.8	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	38.75	3.25	9.2	39.00	35.63	39.00	22.50	11,528	3.49	1.38	152.9	6.8	1.68	4.3	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	37.25	2.25	6.4	37.88	35.50	37.88	22.00	9,624	4.42	1.33	232.3	7.7	1.40	3.8	.....	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Waxman Ind M	16.38	3.00	22.4	16.75	13.13	16.38	3.50	3,885	12.86	4.64	177.2	20.7	.08	.5	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	28.88	- .63	- 2.1	30.25	28.50	34.00	25.75	17,989	1.39	.80	73.8	18.9	1.30	4.5	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

LUMBER REPORT

Supplier restraint only solution to wood overproduction problem

By Hawk Furman
Special to NHCN

A tragic paradox plagues the softwood lumber and panelboard manufacturers in North America. The robust housing market and strong DIY home center sales should be insuring them tremendous prosperity. Instead, they are fighting for survival. The manufacturers' red ink continues to flow on both sides of the United States and Canadian borders. Prices of softwood lumber products remain depressed. In *1967* dollars, the mill price of 2 x 4 random length Western S.P.F. today is $47 per thousand board feet down from $87 per thousand board feet in 1967. There will probably be no relief for the mills until there are more voluntary permanent plant closures, bankruptcy closures or the Government intervenes. There is just simply too much production for current demands.

Softwood mills throughout North America have been very progressive in streamlining. They have lowered costs by reducing wages and fringe benefits, and, through state-of-the-art technology. This results in better recovery of wood fiber and higher unit output per shift. The consequences of these progressive moves has created an oversupply of products which creates a buyers market which, in turn, causes prices to remain depressed. There are 150 fewer mills in the western United States than in 1978. Yet, these fewer mills produced 1.5 billion more board feet of product in 1984 than was produced in 1978. North American softwood lumber production was a record 52 billion board feet in 1984. This is an increase of two billion board feet over the previous record year of 1978, when housing starts were at two million.

There is some movement in Washington which could alter the supply/demand balance of softwood lumber products. Currently two bills in Congress are aimed at limiting the amount of Canadian lumber imports. Congressman Weaver from Oregon has submitted a bill which would limit the percentage of Canadian imports to 20%. Canadian wood currently fills 30% to 31% of the current softwood lumber consumption needs of the United States.

'Tariffs and import quotas are short-term solutions to a long-term problem. They are disruptive to world trade, encourage waste and ineffectiveness and are detrimental to the consumer.'

—Hawk Furman

Congressman Bonker of Washington state has introduced a bill to impose a 10% tariff on all Canadian softwood products if the Canadian Government refuses to voluntarily cut exports of softwood lumber products to the United States.

Recently President Reagan has asked the United States Special Trade Representative to investigate the Canadian lumber imports and their effect on the United States marketplace. The findings will be presented to the International Trade Commission on July 8, 1985.

There are no easy solutions to the problem of overproduction of softwood lumber in North America. The chances that consumption will increase are very slight. There are signs of overbuilding in condominiums and commercial building in all areas of the country. Dallas, for example, has a five to six year supply of unsold condos.

Tariffs and import quotas are short term solutions to a long term problem. They are disruptive to world trade, encourage waste and ineffectiveness and are detrimental to the consumer.

The computer industry routinely goes through cycles of overproduction. What do IBM, Digital, Apple and others do? They curtail or stop production to allow demand to catch up with supply. It could be that the best solution for the manufacturers is to show restraint and curtail production. The irony is that by producing less product although at a higher cost, they might make more dollars on the bottom line.

FUTURES

Two weeks ended May 16, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '85	149.20	144.90	148.70	149.10	42	225.00	121.10
July	160.70	151.00	159.60	155.10	4,383	230.50	129.30
Sept.	161.80	152.10	160.60	156.20	2,120	197.50	135.30
Nov.	160.70	152.40	159.50	156.10	1,826	186.10	137.80
Jan. '86	165.10	158.00	164.50	161.80	432	187.30	144.60
March	169.40	162.50	168.00	167.10	176	188.20	149.00
May	173.50	166.00	171.40	169.50	97	173.50	153.00

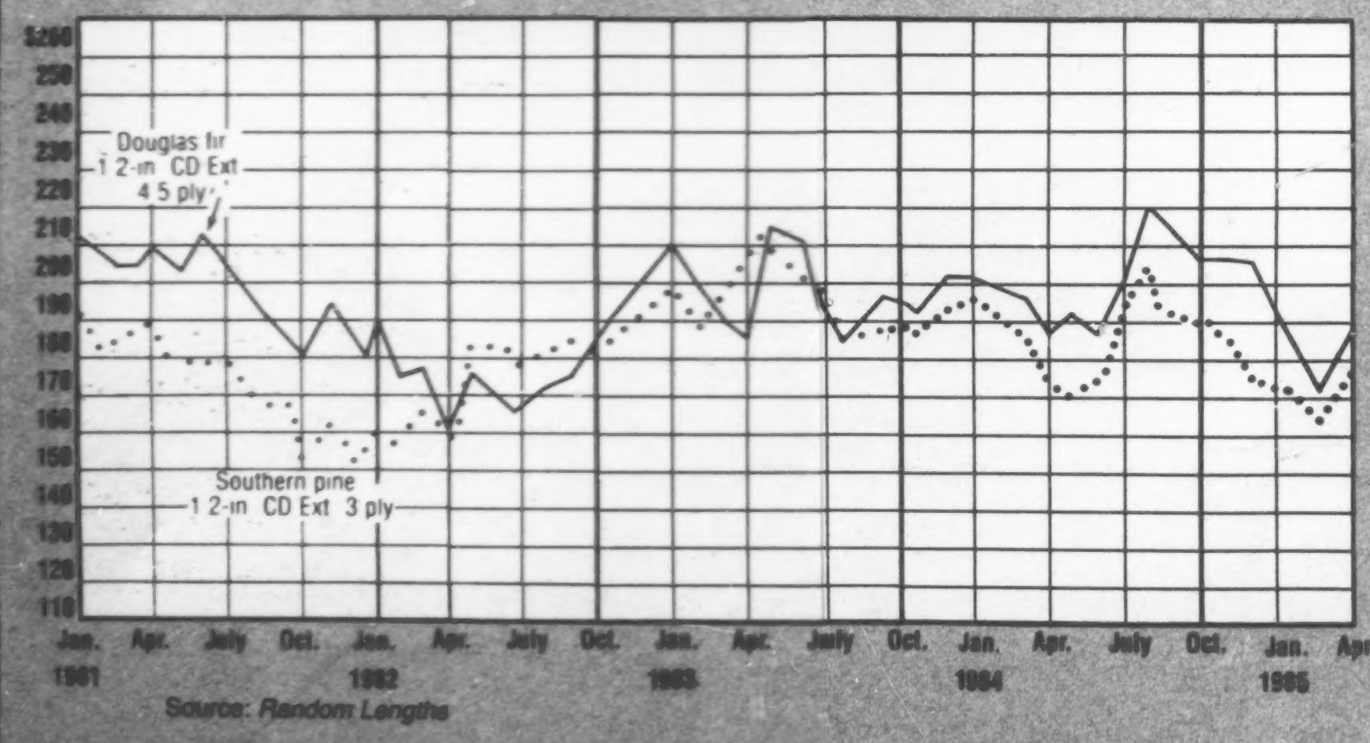
Total Contract Vol. (Through 5/16): 23,221 — **Previous Two Weeks: 23,126**
Total Open Interest (As of 5/16): 9,078 — **Previous Week: 8,802**
Cash Price: $159.74 — **Previous Week: $151.90** — **Year Ago: $148.96**

CME—Chicago Mercantile Exchange

*Figures for Thursday, May 16.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices

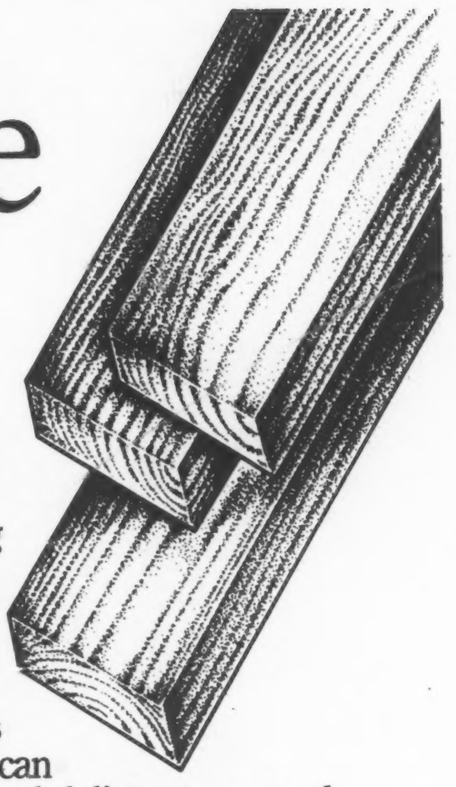


Source: *Random Lengths*

Plywood prices continued downward through March, heading toward five-year lows, but rebounded in April on strong demand for both western and southern products.

Prices for western ½-in. CD Ext. four-five ply rebounded to $188 per thousand square feet in April from $173 in March, as southern ½-in. CE Ext. three-ply hit $178 in April from $165 in March.

Pressure treated lumber.



Georgia-Pacific has everything it takes to help you meet the rapidly growing do-it-yourself demand for pressure treated lumber. And with over 140 Distribution Centers and Sales Offices all across America, we can provide the products, service and delivery you need. Georgia-Pacific. We want to be your single source of supply for pressure treated lumber. Call us today.

Georgia-Pacific GP

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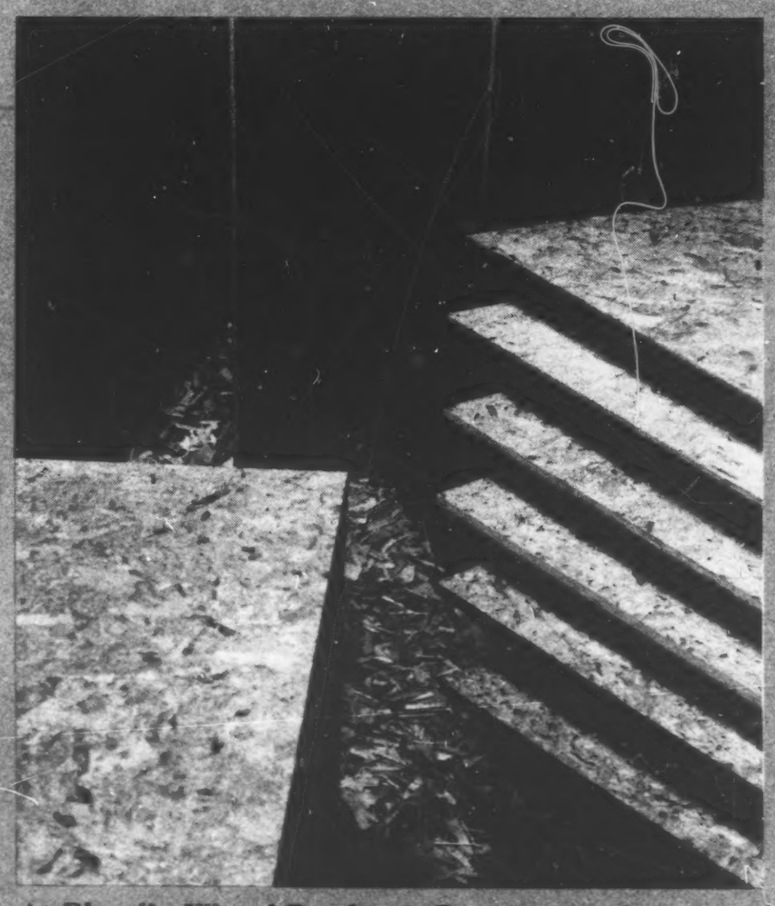

At Blandin Wood Products Company we're proud we were pioneers in the production and development of waferboard and that our research and development of Blandex® continually improves the products we create and ship from our state-of-the-art waferboard plant in Grand Rapids, Minnesota.

We're proud of our full line of Blandex® products:

- ☐ Close tolerance (± .005 inch) ¼" sanded underlayment.
- ☐ Edge protected tongue and groove.
- ☐ Smooth, strong Grade A 4'x8' panels, free of knots and voids in seven thicknesses and available with Leskid™ edge seal.
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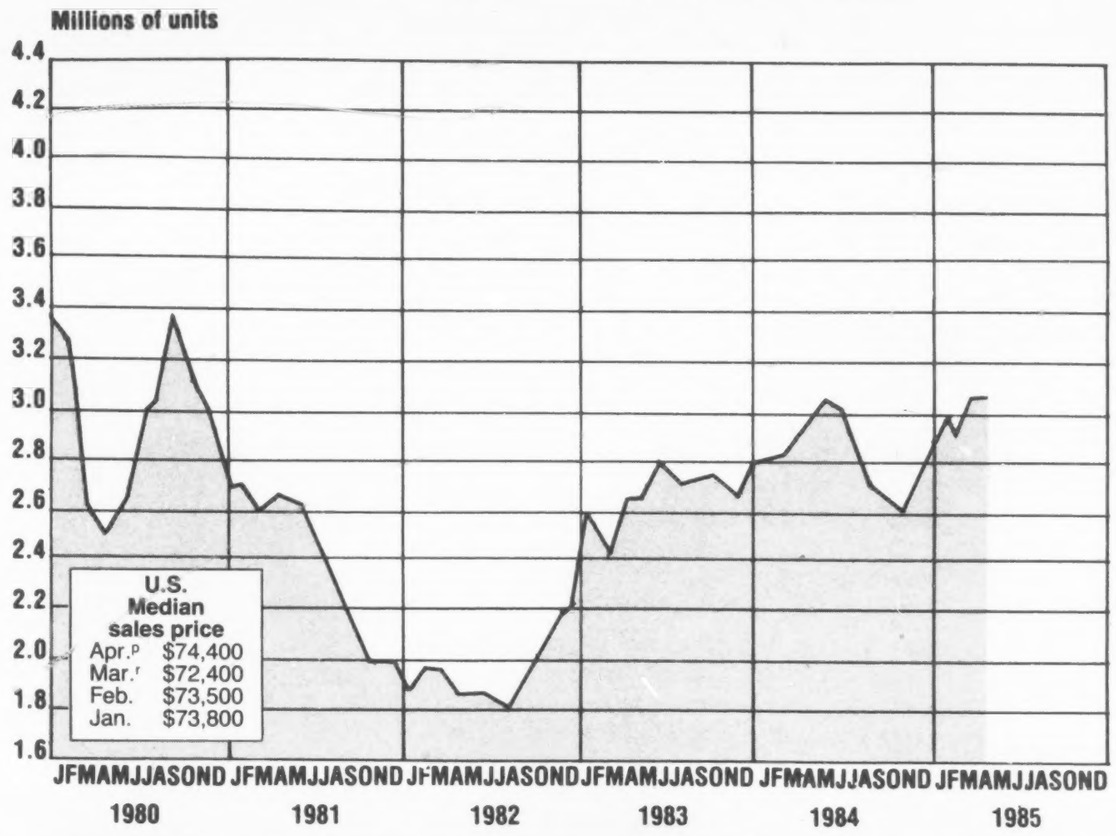
Most of all, we're proud of our people who are dedicated to serving Blandex® customers and responding to their needs.

Blandex® people are "Changing the Way America Builds."

BWP® Blandin Wood Products Co. 502 County Rd. 63, Grand Rapids, MN 55744 (218) 327-6364

HOUSING WATCH

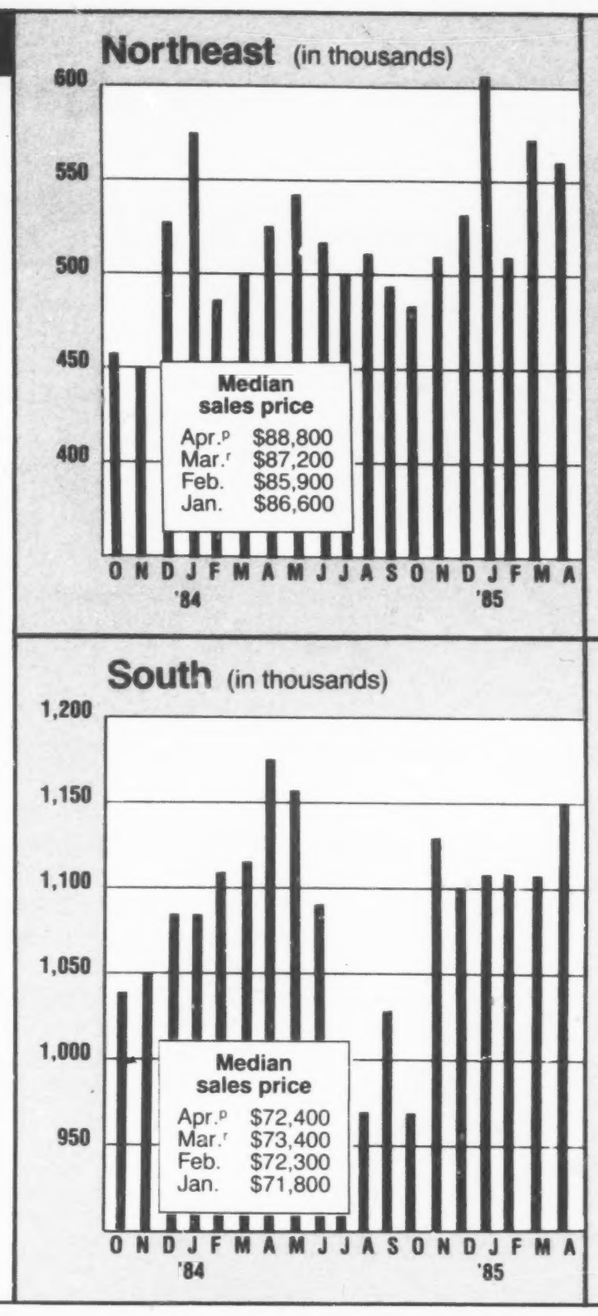
Existing single-family home sales

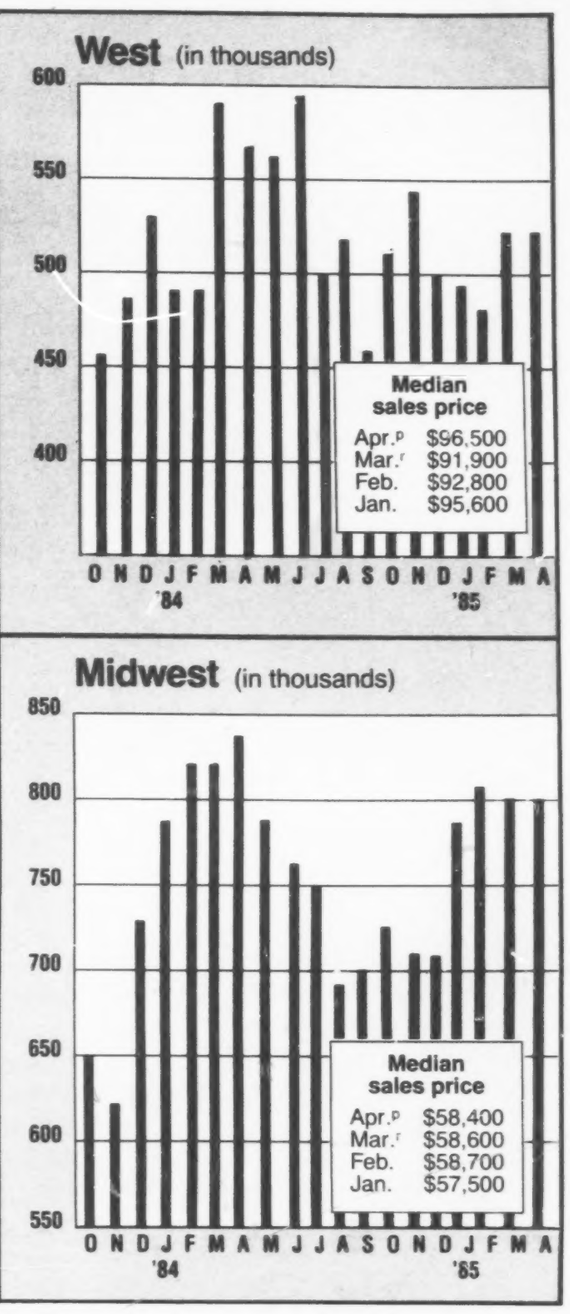


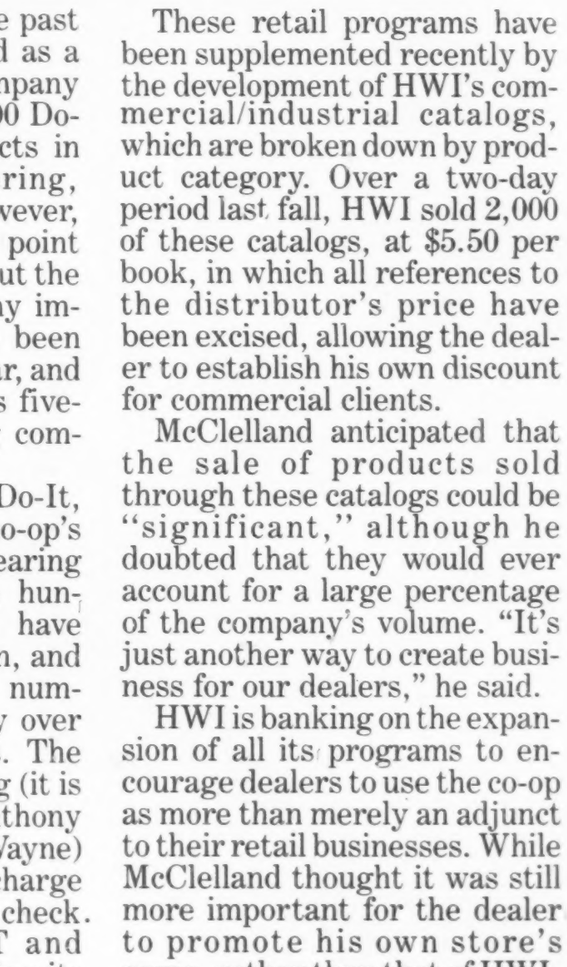
Economists with the Nat'l Assn. of Realtors are reporting that April's seasonally adjusted 3.04 million homes available for resale represent "a balanced supply" of housing. And, with 30-year fixed-rate mortgages declining to 12.12%, the lowest since May of 1984 when the rate was 12.10%, April's median house price of $74,400, an increase of just $200 over March, is assuring the dream of home ownership for many more families.

p = preliminary r = revised

Source: Nat'l Assn. of Realtors







April home resales hit 5 year high

NATIONAL REPORT — Sales activity of existing single-family homes set a five-year record in April.

The National Assn. of Realtors has reported that the seasonally adjusted annual sales rate of existing single-family homes hit 3.04 million units in April, the highest annual rate since November 1980, when the pace was 3.05 million units.

This represents a 0.3% increase over March when 3.03 million units, seasonally adjusted, were recorded, the same as in April 1984.

Unsold inventory amounted to 2.75 million units, down from 2.80 million in March, the NAR reported.

The average price of a resale was $74,400 in April, $200 more than it was in March and $2,300 more than the median sale price in April 1984.

The strong resale activity is due in large part to declining home mortgage rates. The Federal Home Loan Bank Board reported that 30-year fixed-rate mortgages fell to 12.12% in April from 12.07% in March, representing the lowest rate since last May when the rate was 12.10%.

"Recent declines in mortgage rates are helping an increasing number of families achieve the American dream of homeownership," asserted NAR's president David D. Roberts.

He estimated that 3.1 million existing single-family homes are likely to sell this year, making 1985 the best year for home resale activity since 1979, when 3.827 million units were sold.

Dr. Jack Carlson, NAR's executive officer and chief economist, said the March-to-April increase in home resale activity was due mostly to increases in the South, where a seasonally adjusted pace of 1.150 million units were recorded, an increase of 1.8%. The median resale price there was $72,400, a decline of $1,000 from March. That 17-state region produced 105,000 actual sales in April, 6,000 more than were recorded in March and 3,000 more than last April.

The seasonally adjusted resale activity in the Northeast declined 1.8% or by 10,000 units in April from March, but recorded a $1,600 jump in median home price, to $88,800.

Only the 13-state Western region recorded a larger median resale home price increase, $4,600 in April, to $96,500 from $91,900 in March. The seasonally adjusted rate of 520,000 units recorded in March was unchanged in April.

Activity also was unchanged in the Midwest during April when 800,000 units, seasonally adjusted, was recorded. The average selling price there of a previously occupied home was $58,400, $200 less than in March.

According to the NAR, more than 53% of the resales in April were in the $40,000 to $90,000 price range. Fifty-four per cent of all the resales were three-bedroom homes.

HWI celebrates 40th with DC promotions

(Continued from page 3)

vertising promotional manager. That person will attend an intensive, three-day seminar, which will concentrate on marketing training, and also attend a one-day "brush up" seminar twice a year—to be scheduled just prior to HWI's buying shows in May and October—"where they'll share success stories," said McClelland.

In conjunction with SMART, HWI also plans to offer its stores a listing of what McClelland called "high traffic, consumable items," which can be used as rotating stock on endcaps and promotional displays.

"The one thing we're always hearing from our members is that they like the dump bins and endcaps in their stores, but have trouble keeping them full," he explained. "So, we formed SMART so the stores will have a skilled person to handle all aspects of merchandising, marketing and promoting these products."

HWI's 12-member board of directors not only enthusiastically endorsed SMART, but, according to McClelland, were the first dealers to ask about sending people from their respective stores to the seminars, which are expected to begin for groups of 50 employees in September.

In one sense, SMART is the culmination of a five-year program HWI has been developing to get its dealers more involved in the co-op's activities.

In 1980, the company hired a planning instructor from Indiana University, and subsequently developed its Inventory Margin and Control Systems (IMSC), an automatic reordering/inventory control/margin protection program for its dealers.

Two years later, the company launched its "Do-It" retrofit program, which many in the industry have credited with changing the face of the retail hardware industry.

"In home improvement retailing, the move now is to dominate the market, and look how aggressive companies like Payless Cashways and Lowe's have become," said McClelland. "Hardware dealers have been the last to create sales for themselves, which is what 'Do-It' does for them."

So far, over 100 HWI dealers are at some stage of converting their units to Do-It, and McClelland estimates that, by year's end, 200 dealers will be in transition.

The Do-It program has spawned a number of imitators among the other buying organizations, as Cotter & Co., Ace Hardware, American Hardware Supply and, in the fall, Our Own Hardware, have various "Store of the Future" prototypes operating or on the drawing board.

McClelland was particularly defensive when comparing Do-It to the programs offered by HWI's competitors, which he claims "don't really believe in their programs, but are only reacting to complaints from their members about not having what HWI dealers are offered." He also insisted that Do-It's key advantage was that it was developed with a retail designer, the Canadian firm Don Watt & Associates.

At any rate, the Do-It program has contributed mightily to HWI's growth over the past few years and has served as a springboard for other company programs. There are 1,200 Do-It private labeled products in HWI's 35,000-sku offering, which will increase. However, McClelland was quick to point out that HWI would not put the Do-It private label on any imported item until it has been tested in the field for a year, and then evaluated by HWI's five-member private labeling committee.

Another offshoot of Do-It, started on April 1, is the co-op's proprietary credit card bearing the "Do-It" name. Five hundred and fifty dealers have signed up for the program, and McClelland expects that number to grow substantially over the next several months. The card costs dealers nothing (it is underwritten by the Anthony Wayne Bank of Fort Wayne) and allows customers to charge up to $150 before a credit check.

Along with SMART and Do-It, HWI is also offering its dealers "VITAL." The Video In-Store Training and Management Library provides the co-op's retailers with monthly, half-hour videotapes to train a store's workforce in a variety of operational, merchandising and other procedures.

These retail programs have been supplemented recently by the development of HWI's commercial/industrial catalogs, which are broken down by product category. Over a two-day period last fall, HWI sold 2,000 of these catalogs, at $5.50 per book, in which all references to the distributor's price have been excised, allowing the dealer to establish his own discount for commercial clients.

McClelland anticipated that the sale of products sold through these catalogs could be "significant," although he doubted that they would ever account for a large percentage of the company's volume. "It's just another way to create business for our dealers," he said.

HWI is banking on the expansion of all its programs to encourage dealers to use the co-op as more than merely an adjunct to their retail businesses. While McClelland thought it was still more important for the dealer to promote his own store's name, rather than that of HWI, in the field, "we believe that by giving the dealer the ability to compete in the market, the strength of his name makes HWI successful. And that strength is increased when the dealer participates in what we have to offer."

Two sets of bin racks are used to display the wallpaper selection at the Pergament warehouse store in Bethpage, N.Y.

NHCN photo

C5150-6

Merchandising electronics:
New gadgetry sparks electricals surge—pp. 45-51

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Wickes Cos. to double in size with G+W deal

$1 billion acquisition lessens building mat'ls dependence

By Brad Altman
NHCN associate editor

LOS ANGELES — Wickes Cos., less than three weeks after announcing intentions to make a major acquisition this year, has agreed to purchase the consumer and industrial products businesses of Gulf+Western Industries for $1 billion.

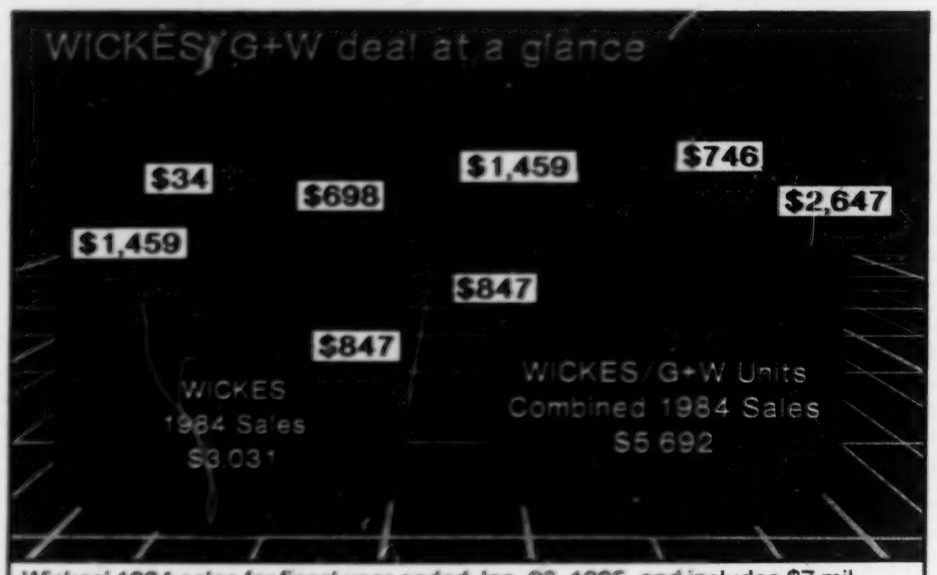
The acquisition would bring to Wickes a group of companies producing apparel, home furnishings and auto parts which, including distribution sales, are expected to generate $2.85 billion in sales for the year ending July 31.

Presuming the deal goes through as planned, the acquisition will virtually double the size of Wickes, which last year posted sales of $3.03 billion. It will also reduce the retailer's dependence on the building material and home improvement market.

The 212-unit Wickes Lumber and 63-unit Builders Emporium chains, along with Sequoia Supply, a wholesale division, and Wickes International contributed 48% of the company's revenue in 1984. That figure is expected to be reduced dramatically as a result of the new business segments being added to the company. Wickes also operates a $1.5 billion group of supermarkets, discount, drug, apparel and furniture stores.

The billion-dollar purchase, which represents a $200 million premium above the G+W group's asset value, is expected to be financed with a combination of cash, stock offerings and new debt. Along with the assets, Wickes will assume about $90 million in long-term debt. Gulf+Western will also receive a five-year option to purchase 10 million shares of Wickes common stock at $6 per share.

(Continued on page 74)



Wickes' 1984 sales for fiscal year ended Jan. 26, 1985, and includes $7 million loss on corporate items: G+W sales for year ended July 31, 1984.
Source: NHCN research; NHCN chart

Wickes' acquisition of Gulf+Western's consumer and industrial divisions reduces the retailer's reliance on building materials.

EXECS REACT TO TAX PLAN:

Fear lower taxes will not offset increased costs

By Milford Prewitt
NHCN associate editor

NATIONAL REPORT — By lowering personal income taxes, President Reagan's proposed tax reforms might increase do-it-yourselfer sales in home centers, but industry executives fear that the additional spending may not be enough to offset the proposed elimination of some valued tax breaks.

(Continued on page 73)

'This proposal would mean higher profits for us . . . but you have to . . . ask what long-term effect the plan would have on housing, capital investment, and jobs.'
—Bernard Marcus

Plan could hurt housing industry

NATIONAL REPORT — As with any complex legislative proposals, President Reagan's plan for tax reform and simplification has home center retailers scratching their heads about its implications for their businesses.

But while many of the proposal's provisions are still opaque to dealers, one—the elimination of the deduction for interest on second homes—is clear to retailers who claim it could negatively impact their sales and the industry at large.

Some in the home improvement industry contend that the passage of such a provision could, in one executive's words, "virtually eliminate" vacation and resort home construction. Others see this aspect of the tax plan as having a more ominous effect on the housing industry as a whole, and feel their own sales with contractors would suffer.

(Continued on page 73)

NEWSBREAKS

NEW ESOP PLANS. Payless Cashways and Wickes both told the SEC last month they planned to introduce employee stock ownership plans. Supermarkets General, parent company of Rickel Home Centers, will issue an additional 200,000 shares of common stock to its ESOP.

INSIDE:

Lowe's leveraging to protect its heartland ***—Page 2***

Scott's home centers becoming lawn & garden units ***—Page 3***

Ziegler, Pepsi, local businesses giving away "dream house" ***—Page 59***

General Felt tightens its grip on Diamond Lumber parent

New Mich. Gen'l prez cancels sale-leasebacks

By Phillip M. Perry
NHCN senior editor

CARROLLTON, Tex. — The president of General Felt Industries, Rocco A. Barbieri, was elected president of Michigan General on June 4, the day after John R. Boudreau resigned from the post.

The election of Barbieri represents a sudden new drive by General Felt, a carpet manufacturer and distributor, to achieve its previously announced plans to acquire and exercise control over Michigan General, parent company of $300 million Diamond Lumber.

On June 13, in one of his first official moves as president, Barbieri canceled the previously announced sale-leasebacks of five Diamond units, which would have brought $10 million into Michigan General coffers.

Other moves to assert control had also been made on June 4 by General Felt, which is based in Saddle Brook, N.J., and has annual revenues of some $400 million. Marshall S. Cogan and Stephen C. Swid, co-chairmen of General Felt who only three months ago were named to Michigan General's board, were advanced to the position of vice chairmen.

And another General Felt director, Frederick Marcus, was placed in the board seat vacated by Boudreau. General Felt now occupies four of nine Michigan General board seats.

In addition, General Felt purchased 259,354 shares of Michigan General's common stock between June 3 and June 6, bringing its ownership to 19.2% of the amount Michigan General has outstanding.

"The other new directors and I plan to follow the direction that John Boudreau laid out [for Diamond Lumber]," said Barbieri, speaking of plans to grow the home center chain. "The expansion plan is in place."

Less assured, however, are the financial tools the company will use to bring about Diamond's growth.

Most important among these are the use of sale-leasebacks, which Boudreau had told security analysts only last month would be the major recapitalization technique employed to

(Continued on page 74)

Dealers intensify efforts to secure sites

By Laura Liebeck
NHCN field editor

NATIONAL REPORT — The Home Depot filed suit last month against Sierra Vista Investment Co., of Riverside, Calif., for leasing a 91,200-sq.-ft. warehouse building in Riverside to Builders Square after allegedly contracting with the Atlanta retailer for the property.

While John Romberger, director of store planning and construction for Home Depot, said, he doesn't think this legal battle is common of real estate battles in the marketplace, it is clear that changes are occurring in the home center industry.

The situation brings to light just how intense competition for new retail sites has become in this rapidly growing industry.

Site selection is a company's key to success, the "name of the game," some say. "There's nothing more expensive than not making the right decision," asserted Frank Denny, president of Builders Square.

Many home center companies are feverishly trying to enter new markets and secure market share to sustain their presence and feed their expansion. This commotion has driven up real estate values so dramatically, especially in such key markets as Long Island, where Builders Square said it wants to go, that sites, including existing buildings, are very difficult to find and even harder to afford.

The kinetic marketplace also has changed the way some companies, retailers as well as developers, do business. There is more covert bidding for property going on, which is driving up prices, and many retailers are reporting that more developers than ever before are dividing up their property into smaller pieces so they get a higher return on their investment.

Home center executives say they are searching longer and harder for sites, and employing whatever services are available to them to ferret out information for site selection. More than ever before, market research programs are being used and emphasized to determine vital demographic information, ease of distribution and future growth of key areas as well as assessments of market share.

The dwindling supply of available, traditional retail

(Continued on page 73)

Store construction & remodeling

Rapid growth inspires innovative strategies

Special report starts Page 19

NHCNews Briefs

Industry Update

Edward Hines selling 6 DCs

CHICAGO — Edward Hines Lumber signed a letter of agreement June 12 to sell six of its 10 distribution centers for an amount over $10 million to the Hudson Group, a New York company formed two years ago to make acquisitions in the forest products industry. The facilities being sold are in Skokie, Ill.; Lafayette, Colo.; Tulsa, Okla.; Springfield, Mo.; Indianapolis, and Grand Rapids, Mich.

"I expect the deal to be completed by Aug. 1," said H. H. Howard, chairman of Hines Lumber.

The sale of the distribution centers is part of a larger plan by Hines to sell its retail operations. Details are currently being worked out for the sale of all 26 of the company's stores to president Ed Hines (*NHCN*, April 22).

Steinberg unit cuts Wickes stake

SANTA MONICA, Calif. — Reliance Financial Services, New York, a unit of Saul Steinberg's Reliance Group Inc., lowered its stake of common stock in Wickes Cos. to 3.9% from 8.4%.

Reliance also told the SEC last month that it had purchased 6.2% of Wickes' $2.50 convertible preferred stock.

Kaufman and Broad, a $600 million Los Angeles-based housing and insurance company, purchased 6.6% of Wickes' $2.50 convertible preferred stock. Sanford C. Sigoloff, chairman and president of Wickes, is also on the Kaufman board of directors. In an SEC filing, Kaufman stated its stake was made for investment purposes only.

Reliance continues to be the largest single holder of Wickes common stock. In March, the company purchased a 10.4% stake in Wickes, then reduced it to 8.4% a month later. (*NHCN*, April 22.)

Building mat'l sales climb in May

WASHINGTON — Retail sales of building material, hardware and supply stores, including mobile home dealers, rose 10.9% in May, according to preliminary Commerce Department figures.

The May gain proved to be stronger than expected in light of revised April sales, which, showed sales rising 19.1%, rather than 12.8%, as was initially reported by the department.

The April revision reflected across-the-board revisions by the department, with total retail sales rising 2.4% in April, not 0.9% as was first reported by the department a month ago. May sales, meanwhile, were up 0.8%, to $119.1 billion. The magnitude of the April revision was welcomed by analysts as good news, but drew criticism about the reliability of the department's preliminary figures.

Sales of building material and supply stores specifically were up 16% in April, to $4.49 billion, over March, and 11.1% over the previous year, according to the latest data. Hardware store sales, meanwhile, were up 18.1% to $879 million, compared to March, and 11.7% over the previous year.

When adjusted for seasonal and selling-day variations, however, the April gains were less dramatic, rising 4.1% in April to $4.52 billion, for building material and supply dealers, and 5.5%, to $863 million, for hardware dealers. However, sales for building material dealers, as well as hardware stores, were both 10% ahead of the previous year.

Ledbury leaves City Mill

HONOLULU — David Ai, president of five-unit City Mill based here, said merchandise manager Donald J. Ledbury has departed the company, and there are no current plans to fill his position.

Ledbury, who worked at City Mill for three years, moved to Las Vegas, Nev., in mid-May, but he could not be reached for comment on his future plans. Ledbury previously had worked for Lindsley in Miami and Handy Dan in Independence, Mo.

In a separate development, Ai said the company's newest unit, near Honolulu's International Airport, a former Atlas Building Supply store acquired last September, has been closed and its merchandise liquidated.

Builderama to open 7th unit

SAVANNAH, Ga. — Builderama will open its seventh retail store early next year in Summerville, S.C., in suburban Charleston, company president Donald Kole reported.

The new store will be a 30,600-sq.-ft unit "with a semiwarehouse look" and include a 10,000-sq.-ft. outside selling area reserved largely for home and garden supplies, Kole said.

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Vol. 11, No. 14 July 1, 1985

Lowe's invests to guard heartland

NORTH WILKESBORO, N.C. — Engaged in what the company is calling "an investment year for future growth," Lowe's expects to take on additional long-term debt in order to build more stores, renovate existing ones, and purchase supporting equipment.

"We are expanding more rapidly, to protect our heartland," said Harry B. Underwood, vp and treasurer of the $1.7 billion chain of 275 home centers. Underwood and other Lowe's officials spoke to security analysts in New York last month.

Company officials said they plan to obtain another $11 million by means of industrial revenue bonds, and seek an additional $8 million of long-term debt in the form of capitalized equipment leases, this year. Another $30 million in debt will probably be acquired in 1986.

Once the round of financing is completed, the company expects its long-term debt to make up 30% of total capitalization, compared to its current level of 22%.

As for the use of the company's long-term debt, some $95 million has been earmarked for store renovation and expansion, including new stores that are scheduled to open in 1986. An additional $20 million was spent on capital assets of the stores acquired earlier this year from Boise Cascade. The company expects to spend $15 million on new equipment for existing stores. Another $10 million is going into distribution centers and $5 million has been budgeted for corporate level support programs.

The average cost to build a new store is $3.3 million, with $800,000 of that amount going for land.

In other matters brought up at the analysts' meeting, the company said comparable store sales had increased by 23% during the first four months of this year, compared to the same period last year. Sales at comparable super retrofit stores had increased by 38% for the same time periods.

As for comparable store sales in key metropolitan areas, those in the Nashville market fared best, clocking in at 65% over the first four months of last year. The figure for Raleigh, N.C., was 45%, for Louisville, 26%, and for Atlanta, 22%. While store sales in central Florida increased by only 4%, and in Orlando, Fla., by only 7%, in the first four months of 1985, these percentages jumped to 17% and 22% for the month of April.

Companywide, sales for the first quarter ended April 30 in-

(Continued on page 6)

O'Malleys hires Einfeld to overhaul biz

By Brad Altman
NHCN associate editor

PHOENIX — Striving to carve out a stronger building materials emphasis in its hometown, O'Malleys has hired longtime industry participant Nick Einfeld to overhaul its struggling retail operations.

Three units closed

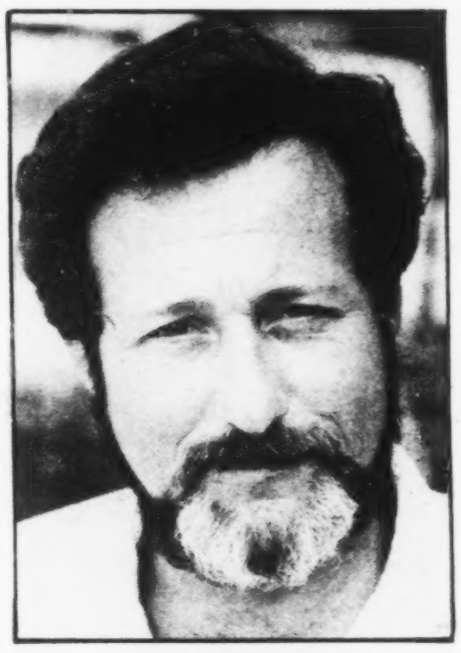
In the face of severe competition sparked by the November 1983 arrival of The Home Depot, O'Malleys closed two stores in Phoenix and Tucson, Ariz., last December. A third store, in the Paradise Valley section of greater Phoenix, was shuttered June 8.

Dean A. Drake, executive vp of the O'Malleys Lumber Co., said Nick Einfeld has been named consumer marketing director "in complete charge of all our retail operations, merchandising, ad department, product and vendors."

Administrative move

O'Malleys' Paul Conley, the assistant gm who was formerly in charge of overseeing the retail stores, "will be working more in the administration end of the business and in our heavily builder-oriented yards," Drake said. "He is a very valuable part of our management team."

(Continued on page 67)



Nick Einfeld

Weyerhaeuser revamps wood group

TACOMA, Wash. — In a major overhaul of its solid wood sales marketing group, Weyerhaeuser Co. is assigning important functions previously handled by corporate management here to three newly formed groups located in the West, East, and Central U.S.

The June 1 top-level headquarters reorganization created a newly formed sales and marketing organization headed by group vp Lynn E. Endicott, who said the changes would serve Weyerhaeuser's woodproducts markets "more responsively."

He said the changes are designed to allow key sales personnel to maintain continuity of their current customer contacts, but within an organization arranged to give them more effective sales tools.

Weyerhaeuser's distribution facilities, called customer service centers, "will have at their disposal a much more responsive marketing capability and closer linkages to our mills," Endicott said.

(Continued on page 67)

Highlights in this issue

Merchandising

- *High-end gadgetry sparks electricals surge* —**Page 45**
- *Ceiling fan sales to remain level through '85*—**Page 51**
- *New merchandising program stokes Anderson's stove sales* —**Page 53**
- *Moore's culls industry's best for Raleigh warehouse* —**Page 56**

Advertising & Marketing

- *Ziegler joins Pepsi and local businesses in home giveaway* —**Page 59**
- *Ole's embroiled in ad snafu over which home center is "biggest"* —**Page 59**
- *O'Malleys plots radio ad strategy for fraction of television's cost* —**Page 59**
- *Killer car crushes house in O'Malleys radio ad* —**Page 59**
- *Week in the Bahamas promotion heats up sales at San Diego P&G* —**Page 60**

Index

Ad Angles 60, 61
Calendar 66, 67
Classified 70-72
Editorial 8
Financial News 4-6
Home Center Trivia 12
Housing Watch 10
Lumber Report 16
New Products 62-64
New S&O Products 65
People 12
Washington View 8

FINANCIAL NEWS

23 Gainers

3 Unchanged

28 Losers

Losers outnumbered stock price gainers, 28–23, on *NHCN*'s Industry Market Summary for the week ended June 14. Three stocks were unchanged during two weeks of roller-coaster market activity.

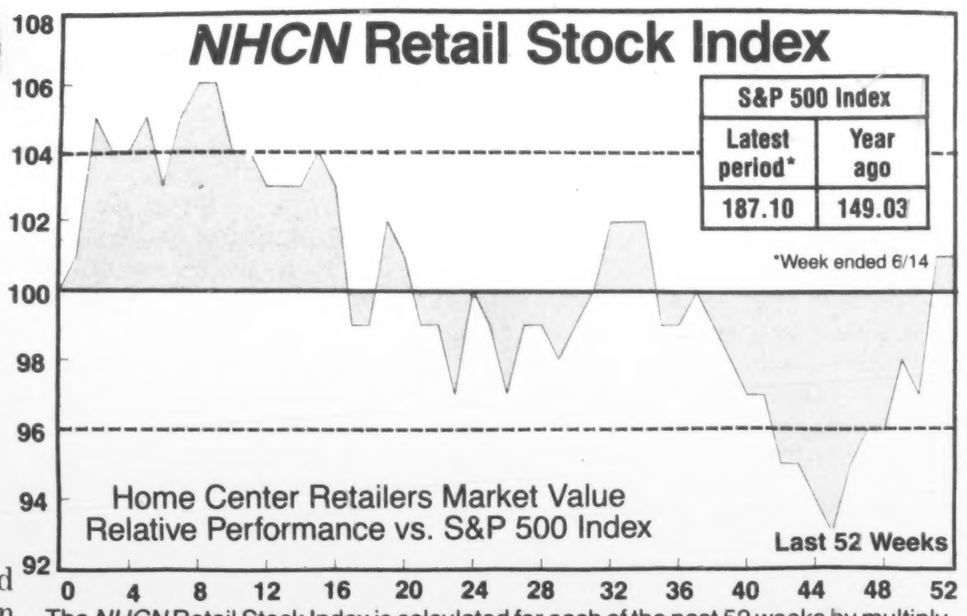
Scotts Seaboard (with 17 Scott's Home Centers) saw its stock price jump over 83% following its acquisition by General Host. General Host paid $3 per share for all 1.802 million shares of Scotts Seaboard, which closed the two-week period at $2.75, a 52-week high. General Host plans to convert the stores to lawn and garden outlets (see story, page 3).

Three of the industry's largest retail chains were among the biggest price losers. Payless Cashways fell 14.6% to close on June 14 at $17.50 on some 14 million shares traded. This decline follows a 10.4% drop at the close of the previous two-week period ending May 31.

Home Depot chairman Bernard Marcus insisted that there is "no logical explanation" for his chain's stock drop (see story, page 5). Depot stock closed the period at $14.75, down 10.6%, on a two-week volume of 5.66 million shares.

Hechinger Class B common was down 10.5% to $25.50 on a little over one million shares traded

Diamond Lumber parent, Michigan General, experienced a 6.3% decline to $5.63 on 3.43 million shares traded. Michigan General is now under the leadership of General Felt Industries' Rocco Barbieri after the sudden resignation of president John Boudreau last month (see story, page 1).



The *NHCN* Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant (k) which adjusts the index to show its relation to the performance of the S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Scott Seabd O	130	620.0	83.3
Thos Inds N	1,521	607.4	- 4.7
SW Forest Ind N	10,498	495.3	16.5
Black & Decker N	48,844	336.9	- 4.9
Natl Lumber M	1,263	330.8	12.5

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Insilco Corp N	6,349	317.6	2.7
Boise Cascade N	16,756	261.2	5.8
Certain-teed N	3,706	254.5	1.8
Lowe's Cos N	10,621	253.0	- 6.9
Newell Co N	1,286	233.3	- 3.1

TOP GAINERS

Company & Market	2-Weeks Ended 6-14-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Scott Seabd O	2.75	83.3	130
SW Forest Ind N	14.13	16.5	10,498
Natl Lumber M	5.63	12.5	1,263
Emhart Corp N	29.63	6.8	5,311
Manville Cp N	6.25	6.4	4,770

TOP LOSERS

Company & Market	2-Weeks Ended 6-14-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Payless Cash N	17.50	- 14.6	14,154
Clopay Corp A	16.88	- 12.9	125
Home Depot N	14.75	- 10.6	5,657
Hechinger B M	25.50	- 10.5	1,095
Waxman Ind M	14.75	- 9.9	2,431

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 6-14-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report: New Report -	Period -	Date Ended -	Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers																													
Boise Cascade N	47.50	2.63	5.8	49.00	44.25	49.00	32.50	16,756	6.14	1.70	261.2	19.8	1.90	4.0	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	17.50	.75	4.5	17.63	16.63	20.00	13.63	4,462	4.83	1.78	171.3	12.4	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	35.75	.50	1.4	37.00	34.75	37.50	31.50	1,529	1.51	.79	91.1	13.6	1.60	4.5	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber O	21.00	- 1.00	- 4.5	22.50	21.00	22.50	18.00	35	.39	.16	143.8	6.4	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	2.00	.00	.0	2.13	2.00	6.25	1.75	800	.58	.36	61.1	NE	.00a	.0	NEW	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	21.88	.13	.6	22.38	21.63	22.38	15.00	54	.13	.04	225.0	44.6	.15	.7	.....	fiscal	01-85	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Grace W R N	41.63	- 1.00	- 2.3	43.50	41.50	44.50	38.50	7,979	1.64	.94	74.5	11.0	2.80	6.7	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	25.25	- 2.00	- 7.3	28.00	25.25	29.00	17.00	1,730	2.47	1.27	94.5	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	25.50	- 3.00	- 10.5	28.25	24.88	30.25	17.00	1,095	.60	.28	114.3	21.8	.10	.4	NEW	3 mos.	04-85	114.6	30.4	3.8	11.8	.21	10.5	114.6	30.4	3.8	11.8	.21	10.5
Hines Ed Lumber O	39.25	- .25	- .6	39.75	39.00	43.75	34.50	26	.15	.24	- 37.5	27.4	1.00	2.5	.....	fiscal	12-84	68.4	10.3	.2	- 33.3	.13	- 27.8	280.8	12.5	2.5	38.9	1.43	38.8
Homecrafters Whse M	8.75	.25	2.9	8.75	8.25	16.25	5.25	1,417	5.01	2.13	135.2	NE	.00	.0	NEW	fiscal	01-85	35.2	34.9	(3.2)	- 100.0	(1.14)	- 100.0	156.4	49.7	(4.8)	- 100.0	(1.69)	- 100.0
Home Depot N	14.75	- 1.75	- 10.6	16.63	14.50	27.88	12.00	5,657	2.26	1.70	32.9	29.5	.00	.0	NEW	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
K mart Cp N	37.63	- 1.25	- 3.2	39.50	37.25	41.50	28.63	35,020	2.80	1.47	90.5	9.8	1.40	3.7	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	26.88	- 2.00	- 6.9	29.25	26.75	31.13	16.25	10,621	2.93	.83	253.0	16.0	.36	1.3	NEW	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	5.63	- .38	- 6.3	6.13	5.38	8.50	4.75	3,434	3.03	.94	222.3	26.8	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.63	.63	12.5	6.25	5.00	7.50	4.50	1,263	2.24	.52	330.8	23.4	.00	.0	NEW	fiscal	12-84	32.8	11.2	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak N	14.38	.50	3.6	14.88	13.88	17.50	11.50	2,802	2.80	2.05	36.6	14.2	.60	4.2	.....	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	17.50	- 3.00	- 14.6	22.25	17.00	23.38	13.50	14,154	4.12	1.30	216.9	15.8	.16	.9	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd O	2.75	1.25	83.3	3.13	2.63	2.75	1.00	130	.72	.10	620.0	27.5	.00	.0	.....	fiscal	01-85	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc N	13.88	- .25	- 1.8	14.50	13.63	16.38	11.38	1,110	.84	.36	133.3	10.4	.52	3.7	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	37.75	- .88	- 2.3	39.13	36.88	39.13	29.75	66,358	1.84	.88	109.1	9.4	1.76	4.7	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
SW Forest Ind N	14.13	2.00	16.5	14.38	11.88	20.13	11.75	10,498	11.31	1.90	495.3	47.1	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Std Brd Pnt N	22.25	1.13	5.3	23.50	20.75	23.50	16.50	4,675	4.19	1.58	165.2	11.8	.56	2.5	NEW	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	44.50	- .75	- 1.7	47.75	43.75	47.75	22.75	3,847	2.16	1.45	49.0	13.2	.42	.9	NEW	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wickhan Lumber M	6.88	.13	1.9	7.00	6.63	7.25	4.00	693	1.18	1.25	- 5.6	15.6	.16	2.3	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.50	- .50	- 5.6	8.75	8.25	9.75	7.09	419	1.12	.87	28.7	40.5	.28b	3.3	NEW	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	24.13	- 1.00	- 4.0	26.00	24.00	28.75	18.75	3,128	2.97	1.07	177.6	NE	1.40	5.8	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	29.68	- 2.38	- 7.4	32.25	29.50	35.38	23.50	12,411	3.18	1.03	208.7	10.0	1.60	5.4	NEW	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	37.63	.25	.7	37.75	36.00	38.00	23.25	4,552	1.91	1.37	39.4	10.5	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	19.50	- 1.00	- 4.9	20.75	18.38	26.88	17.25	48,844	9.70	2.22	336.9	11.1	.64	3.3	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	27.63	.50	1.8	28.50	27.13	28.50	15.75	3,706	1.95	.55	254.5	13.0	.70	2.5	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	22.75	- .75	- 3.2	23.63	22.38	26.75	16.88	26,471	2.85	1.59	79.2	NE	.40	1.8	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	16.88	- 2.50	- 12.9	19.63	16.63	22.19	10.91	125	.83	.85	- 2.4	11.2	.16	.9	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	35.00	1.00	2.9	36.25	34.25	37.88	26.75	332	.70	.47	48.9	11.4	1.40	4.0	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	29.63	1.88	6.8	29.75	26.75	32.25	24.53	5,311	1.93	.66	192.4	10.1	1.40b	4.7	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacific N	23.25	.50	2.2	24.00	22.75	27.38	18.00	31,842	3.11	1.28	143.0	22.6	.80	3.4	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	18.88	.50	2.7	19.13	18.13	20.72	13.81	6,349	3.55	.85	317.6	10.5	1.00b	5.3	.....	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	21.50	.00	.0	22.75	20.88	24.75	16.50	7,082	2.06	.84	145.2	17.5	.80b	3.7	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMlln Bldel N	16.38	- .38	- 2.2	16.88	16.13	21.81	15.00	245	.08	.06	33.3	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	6.25	.38	6.4	6.38	5.63	9.50	5.13	4,770	1.99	1.24	60.5	2.9	.00	.0	.....	fiscal	12-84	456.5	5.8	18.2	1416.7	.50	NE	1814.2	4.9	77.2	14.9	2.18	23.9
Masco Corp N	33.00	- 2.38	- 6.7	35.63	32.63	35.75	22.50	11,011	1.95	.76	156.6	19.2	.56	1.7	NEW	3 mos.	03-85	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Natl Gypsum N	43.38	- 2.13	- 4.7	45.75	42.63	45.88	27.00	3,472	2.23	1.42	57.0	6.2	2.00	4.6	.....	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co N	15.63	- .50	- 3.1	16.13	15.25	19.00	13.25	1,286	1.50	.45	233.3	9.6	.50	3.2	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.13	.00	.0	36.13	34.63	37.00	25.13	3,603	1.22	.83	47.0	8.5	1.40	4.0	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot N	19.63	- .88	- 4.3	21.00	19.63	21.50	15.00	169	.28	.22	27.3	NE	.80	4.1	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	34.75	- .75	- 2.1	35.63	34.13	38.13	25.75	1,385	.90	.55	63.6	12.4	1.56	4.5	NEW	3 mos.	03-85	234.7	- 6.2	11.5	- 8.0	.67	1.5	234.7	- 6.2	11.5	- 8.0	.67	1.5
Sherwin-Wms N	38.38	- 1.13	- 2.8	39.75	38.25	39.88	24.00	2,690	1.19	.80	48.8	13.4	.92	2.4	.....	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
Stanley Works N	30.25	.13	.4	31.00	29.50	31.00	19.50	4,614	1.71	.93	83.9	11.5	.96	3.2	.....	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	15.13	- .75	- 4.7	16.25	15.13	18.88	12.38	1,621	1.91	.27	607.4	8.6	.68b	4.5	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	26.50	.25	1.0	26.63	26.00	31.25	20.75	1,843	4.53	2.33	94.4	8.0	1.00	3.8	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	39.88	1.13	2.9	39.88	36.13	39.88	22.50	9,328	2.82	1.35	108.9	7.0	1.68	4.2	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	38.13	.88	2.3	39.25	37.25	39.25	22.00	4,106	1.89	1.26	50.0	7.9	1.40	3.7	.....	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Waxman Ind M	14.75	- 1.63	- 9.9	16.88	13.38	16.88	3.50	2,431	8.05	5.28	52.5	18.7	.08	.5	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	29.25	.38	1.3	29.75	28.50	34.00	25.88	15,339	1.18	.75	57.3	19.1	1.30	4.4	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

Remodelers, realtors agree: Strong '85 gains

NATIONAL REPORT — The nation's remodelers and realtors are optimistic about activity in their respective markets with both groups projecting large sales increases for the rest of 1985.

The National Remodelers Council of the National Assn. of Home Builders predicts that consumers will spend a record $71 billion on remodeling projects this year compared to the $63 billion spent in 1984.

A recent survey conducted by the Remodelers Council revealed that remodelers expect an increase in activity for all home improvement activity—including room additions and alterations, maintenance and repair, rehabilitation and renovation and major replacements—between now and Sept. 30.

The National Assn. of Realtors is also optimistic about housing activity.

The NAR reports that 1985 should produce 3.1 million sales of existing single-family homes, making it the best year since 1979 when 3.8 million resales were recorded. It also reflects an 8.2% increase over 1984 when 2.87 million units were sold.

According to its April "Attitudes of the Real Estate Industry" survey, 86% of the respondents said spring is a "good time to buy a home." Only 68% were optimistic about the market during October's survey.

The NAR also reported that its Housing Affordability Index for resale homes rose to 90.3 in April, the highest mark since November 1979.

The index means that a family earning the nation's median income, $26,783 in April, had 90% of the income necessary to qualify for a mortgage covering 80% of a $74,400 home, the nation's median-priced resale home in April.

According to David D. Roberts, president of the NAR, "The status of the affordability situation and the plentiful supply of homes for sale makes now an excellent time to buy a home."

The optimism expressed by both organizations is reflective of strong economic times for both industries.

In addition to a plentiful housing supply better affordability the NAR also cites lower mortgage rates as reason of its strong activity. The remodelers said that the boom in their business reported by the Census Bureau last year is carrying over into 1985.

In a recent poll, 73% of the country's professional contractors reported they are optimistic about business for the near future and believe remodeling activity will be "good" between now and the end of September.

During the first quarter of 1985, however, the majority of respondents said business was "about the same" as it was for the previous six months. But 42% noted that the number of bathroom remodeling and room additions projects had increased over the last six months.

The remodelers reported that roofing/siding/insulation projects, averaging $3,770 per job, ranked as the most common project for them. Next was window and door replacements. The average window/door job costs homeowners about $4,956, but can cost as much as $15,600, compared to roofing/siding/insulation projects, which can cost as much as $9,600, according to the survey.

The third most frequent project, remodelers reported, is the addition of a fireplace or a wood stove, which carries an average price tag of $3,770, and a project range of $500 to $5,000.

Although the aforementioned projects were rated as the most frequently undertaken, the contractors noted that they are doing a lot of kitchen remodeling, bathroom remodeling/additions and room additions.

The average kitchen project costs $12,430, the remodelers reported, however, the per-job cost can go as high as $60,000.

Adding second story most expensive remodeling job

Remodeling projects	Average price per job
Added second story	$44,200
Room additions	30,103
Kitchen remodeling	12,430
Finished basement	11,027
Finished attic	10,250
Added porch/garage	9,433
Enclosed porch/garage	8,726
Bathroom remodeling/additions	7,739
Window/door replacement	5,613
Exterior work (fencing, deck, etc.)	5,357

Source: National Remodelers Council Economic Survey, 1st quarter, 1985; NAHB Economics Division

While the average cost of a kitchen remodeling project is $12,430, the per-job cost can go as high as $60,000, depending on the scope of the project.

AHMA cancels trade forum

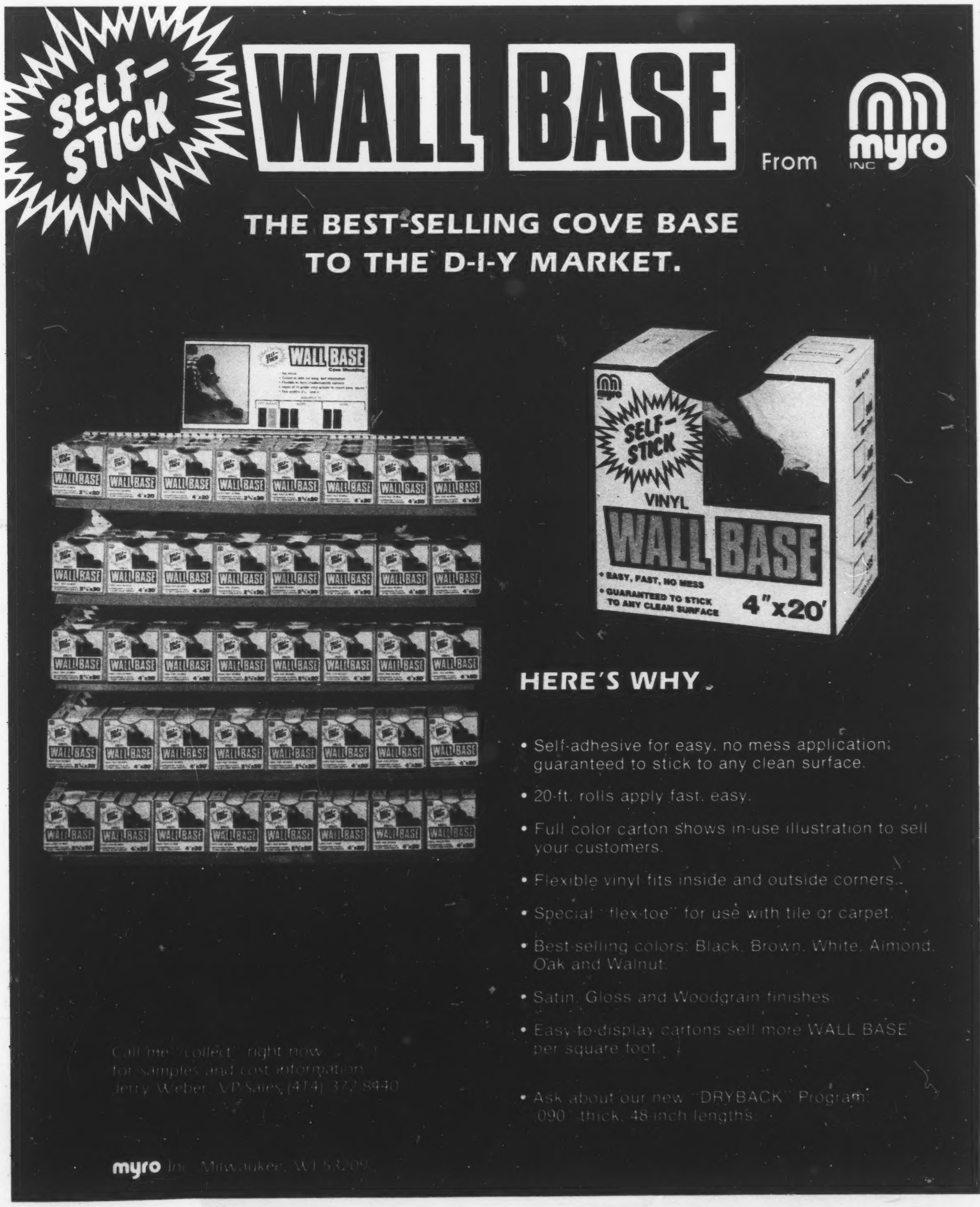
WASHINGTON — Lack of interest on the part of its members was behind the cancellation by the American Hardware Manufacturers Assn. of its Capital Trade Conference, which was to be held here from June 4-6.

"We at the AHMA were frankly astounded that we could only get the minimum number of industry attendees to come to this year's event," said John Baker, the association's member services manager. This year's conference would have been the AHMA's fourth in as many years.

In a telephone conversation from the association's offices in Schaumburg, Ill., Baker told *NHCN* that while last year's turnout for AHMA's International Trade Forum had been "disappointing," it was the decision of the association's committee that the conference was worth proceeding with, that the issues of foreign trade and competition were still urgent for domestic manufacturers, and that this year's list of speakers—which included Sen. Bill Bradley (D-N.J.), former U.S. Trade Representative Robert Strauss, and ABC News senior correspondent John Scali—would have the drawing power to produce a larger audience.

Baker said that while the association was forced to cancel the 1985 conference, it would continue to offer "the mechanism where hardware manufacturers can interact with government officials each June."

He added that the AHMA will also move forward in its lobbying efforts on behalf of its members. When asked if the lack of a conference would hinder the association's ability to arrive at a consensus from its members on what course of legislative action would be recommended, Baker said that "we will simply have to do a better job of soliciting that kind of opinion from our members in such a way that is easiest and most convenient to them. But we are not going to slow down."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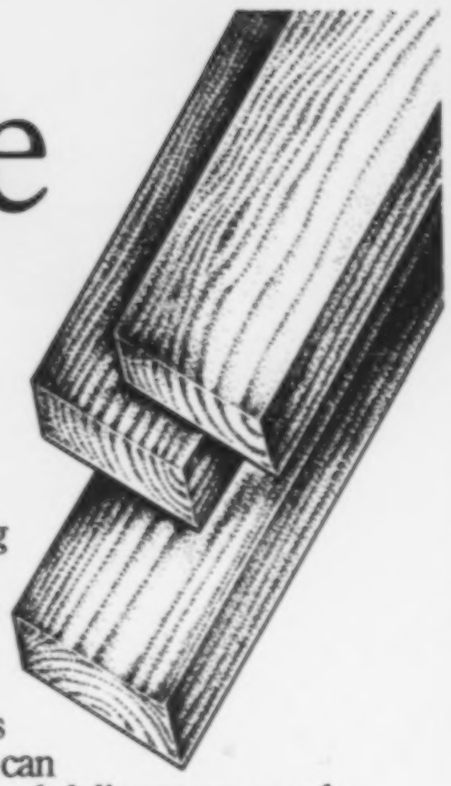

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LUMBER REPORT

Panel industry to evolve by 90's as plywood market share wanes

By Robert Berg
Special to NHCN

The structural panel market provides an excellent case study of the interplay between the marketplace and technology in the development of an industry.

The technology for producing plywood was developed 70 years ago, but its penetration of the wood markets did not accelerate until the 1950's and early 1960's as the escalation of lumber and labor costs made the plywood panel a cost effective substitute. This process picked up even more momentum in the 1960's when it was proved that plywood could be made from southern yellow pine.

Subsequently, the escalation of stumpage costs during the 1970's and the rapid development of resin and wafer technology spurred the investment in waferboard and oriented strand board (OSB) capacity and the resultant cost advantage of the nonveneered panels has accelerated its acceptance in the market.

The demand for structural panels (plywood, waferboard and OSB combined) has grown dramatically through the 1970's and the first half of the 1980's. Data Resources estimates that total panel demand escalated at a 3.8% average annual rate from 14.4 billion sq. ft. in 1968 to 20.9 billion sq. ft. in 1978. As a mature industry, growth in panel demand slowed to a 1.3% annual rate from 1978 to the record level of 22.6 billion sq. ft. set in 1984.

Data Resources is projecting a 4.4% increase in panel demand for 1985 to around 23.6 billion sq. ft., and by the end of the 1980's, the total consumption of structural panels is expected to reach 26.2 billion sq. ft. per year. This translates into a 1.5% per year average growth through the 1980's.

Plywood accounted for almost all of this panel consumption through the mid-1970's, at which time the OSB/waferboard product began to make inroads into the market. This penetration was accelerated by the rapid escalation in stumpage prices (and therefore plywood costs of manufacture). The OSB/waferboard share of the market has climbed steadily from around 1% in 1976 to 11% in 1984. This market penetration represents an astronomical 30% per year increase in demand for OSB/waferboard over the eight-year period.

Reconstituted wood panel products should continue to capture market share through at least the end of the century. The rate of market penetration will be determined by the level of investment in new waferboard/OSB capacity as well as a growing expressed preference by the market for the new panel types. Data Resources estimates that OSB/waferboard demand will increase 42% over the 1984 level, to 3.5 billion sq. ft. in 1985, pushing its market share up to 15% of the panel market. By the end of the century, Data Resources estimates that OSB/waferboard will account for 60% of the structural panel market with demand conservatively estimated at 16.2 billion sq. ft.

Low cost alternatives

The rapid growth in plywood in the early 1970's and the subsequent penetration by the OSB/waferboard panels was due primarily to the fact that each product in turn offered a low-cost alternative to the market. In 1978-79, the total variable cost of producing plywood was around $149 per 1,000 sq. ft. ($^3/_8$-in. basis) while the cost of producing waferboard in the North Central U.S. was 54% lower at $68 per 1,000 sq. ft. Most of the cost difference arose from the price paid for delivered wood ($80/MSF for plywood in the West vs. $22 per 1,000 sq. ft. for waferboard in the North Central U.S.).

The recent collapse of the West Coast stumpage market has narrowed this cost spread, but in 1985 the advantage is still decidedly in favor of wafer-

(Continued on page 68)

FUTURES

Two weeks ended May 30, 1985

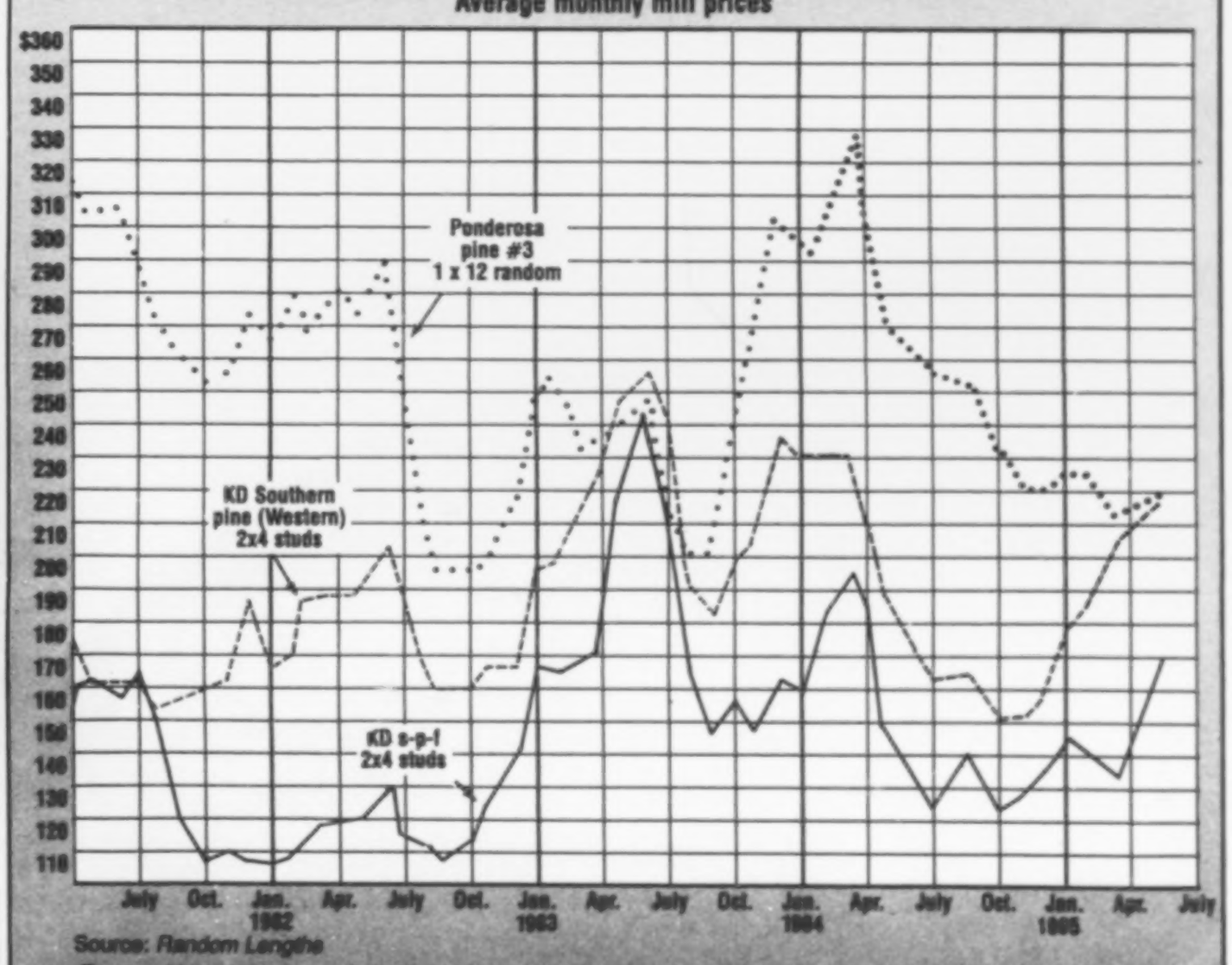
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	165.70	152.80	155.70	160.70	4,010	230.50	129.30
Sept.	164.90	153.00	157.50	159.90	2,417	197.50	135.30
Nov.	163.30	153.00	157.80	159.10	2,347	186.10	137.80
Jan. '86	166.20	157.00	163.00	162.90	600	187.30	144.60
March	169.30	161.50	167.00	166.70	250	188.20	149.00
May	172.50	165.5.	171.10	170.60	126	176.40	153.00
July	Nominal		178.90	176.00	8	183.40	174.50

Total Contract Vol. (Through 5/30): 21,958 — **Previous Two Weeks: 23,221**
Total Open Interest (As of 5/30): 9,758 — **Previous Week: 9,613**
Cash Price: $166.60 — **Previous Week: $169.54** — **Year Ago: $140.14**

CME—Chicago Mercantile Exchange
*Figures for Thursday, May 30.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

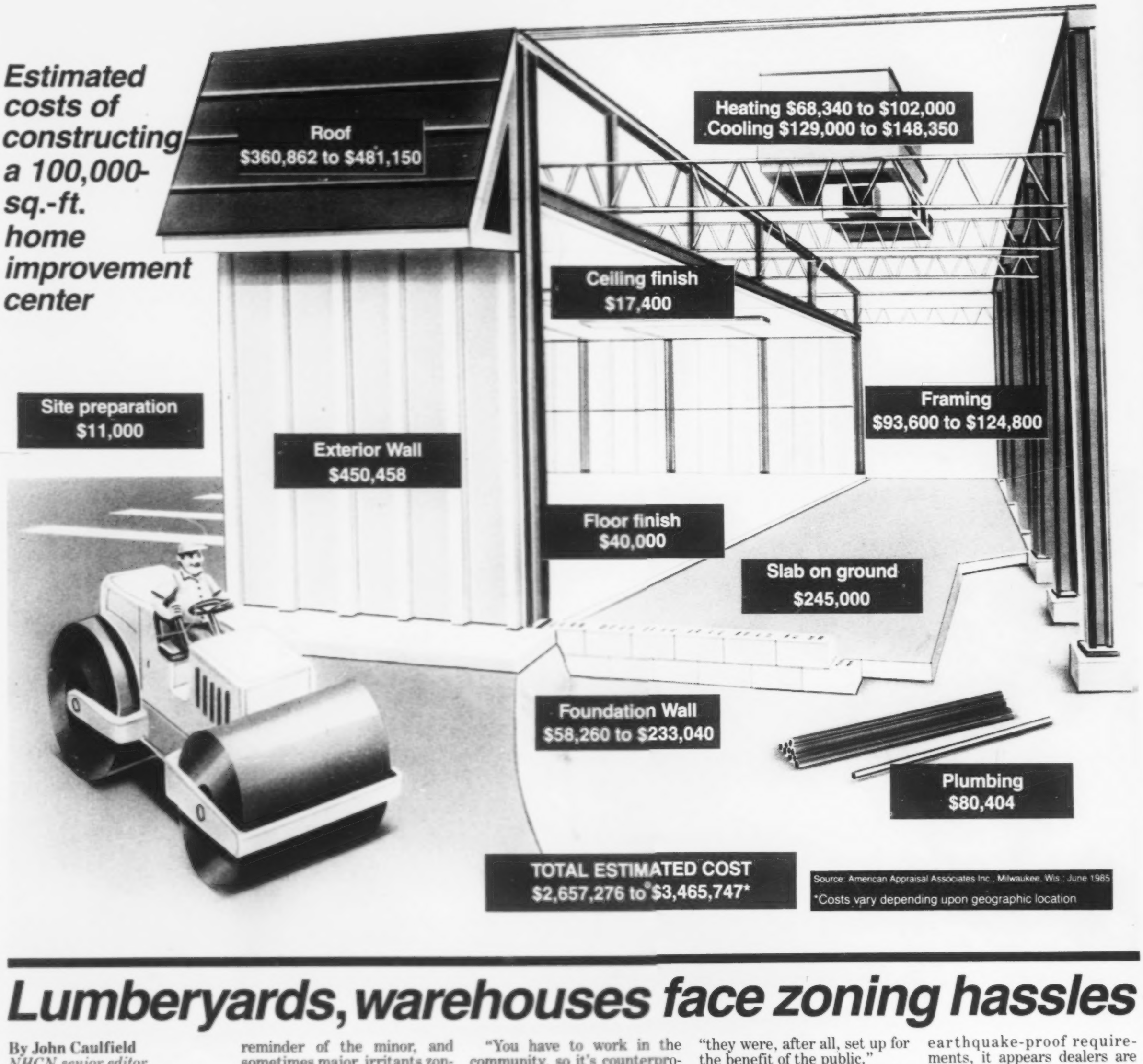
Buoyed by vigorous sales, the price of lumber crept upward during the month of May, breaking the downward price spiral that occurred for some species in early spring. All species showed one month price increases with a thousand board feet of KD southern pine (western) leading the pack with a 14% increase from April's $192 to May's $225.

A thousand board feet of KD s-p-f studs displayed an 11% price increase to $180.

National Home Center News

Special report: Store construction & remodeling

Rapid growth inspires innovative strategies



Lumberyards, warehouses face zoning hassles

By John Caulfield
NHCN senior editor

NATIONAL REPORT — Not too long ago, Payless Cashways, in order to comply with a city's ordinances, was forced to build what has come to be known infamously as "The Rat Wall," an 8-in. thick concrete beam buried 18-in. underground encircling the foundation of one of its stores' warehouses.

The beam was meant to keep out rats, "but I could never figure out why we needed it," said Brad Bright, director of store merchandising for the 164-unit chain. "For one thing, we have 50 to 60 ft. of parking lot coming up to the warehouse entrance. And we told the zoning board that we leave the warehouse door open all day, so the rats, if there were any, could just stroll in if they wanted to."

The Rat Wall cost Payless only $5,000, but it serves as a reminder of the minor, and sometimes major, irritants zoning and building code regulations can inflict on home center operators, whether these companies are constructing a new unit, or retrofitting a second-use site.

Retailers generally concur that zoning and building regulations are important, and most dealers do not object strenuously to changes mandated by city planners, whom they say are flexible, for the most part.

"You have to work in the community, so it's counterproductive just to say 'no' to a zoning board," said a spokesman for the HomeClub, based in Fullerton, Calif. "It's much smarter to work out your problems with the city's planning staff."

Bob Ham, senior architect for Lowe's, North Wilkesboro, N.C., added that it behooved dealers and developers to work within a city's zoning and building code guidelines because "they were, after all, set up for the benefit of the public."

This is not to say, though, that dealers are thrilled with all the codes with which they are required to comply—codes they claim can tack on anywhere from 3% to more than 10% to their construction or remodeling costs.

Aside from the usual complaints about having to do curb cuts, landscaping, add more lighting, install water retention ponds and, in California, meet earthquake-proof requirements, it appears dealers are being impeded by archaic zoning laws that tie up a home center from coming into a market.

"The most troublesome problem for us continues to be our outside lumberyard," said Dick Clark, vp-construction for Scotty's, the Winter Haven, Fla., chain. "Sometimes, you can get a variance changing a zone on a piece of property, but often you have to decide whether it's cost effective to install inside storage to comply with industrial zoning, and whether you want the land bad enough."

Late last year, Lowe's was after a "hot" parcel of real estate in its home state, but had to give up on it because the city wouldn't budge on its zoning restrictions against outside lumberyards.

There is a Catch 22 element to this dilemma, Ham contin-

(Continued on page 21)

ZONING: Home Depot's Deerfield Beach nightmare ..... Page 21
FINANCING: Finding it is easier than finding sites ..... Page 22
IN-STORE SIGNING: Chains overhaul programs ..... Page 24
FIXTURES: Matching the right rack to the right product ..... Page 28
PARKING LOTS: Varying needs drive dealers' strategies ..... Page 30
FLOORING: Most dealers opting for vinyl tiles ..... Page 30
EXTERIOR SIGNS: Logos reflect retailers' corporate image ..... Page 31
IN-STORE LIGHTING: Dealers draw on new sources ..... Page 33
DOOR SYSTEMS: Dealers testing automatic openers ..... Page 34
HVAC: Cost-cutters eye hot ideas ..... Page 38
SITES: Retailers converting unusual locations ..... Page 40

Special report: Store construction & remodeling

Lumberyards, warehouses face zoning hassles

(Continued from page 19)

ued, in that parking lot ratios are determined by most cities on the amount of retail selling area a store uses, usually one space per 1,000 sq. ft. "If we went into an 80,000-sq.-ft. building, because we couldn't have an outside yard, but only used half the space, we're going to be assessed on parking area that's never going to be used." He also noted that this could mean the company would be required to develop another half acre of property, at a cost of $150,000 to $200,000.

Oddly enough, the warehouse home centers, which stock virtually all of their inventory inside also, have run into zoning problems because some cities won't permit "warehouses" of any stripe in certain areas. "A lot of municipalities are unwilling to consider the warehouse retail concept for their cities," said Jeff Langfelder, vp-real estate for The Home Depot in Atlanta.

This attitude against warehouses stems, in part, from the desire by planners to set "an esthetic tone in their cities," said the HomeClub spokesman. "We don't altogether object to this either, but we would like some latitude when it comes to making structural change to the exteriors of our stores to meet those standards."

Another esthetic headache dealers must address when developing land for a new store is the amount of landscaping they have to do to come up to code. Home Depot, for one, is still wrestling with this in Deerfield Beach, Fla. *(see story).*

"In some markets, we've put in enough shrubbery outside our stores to open an arboreum," said Bright of Payless. Other home center officials have called these landscaping ordinances "excessive," a change that even some building inspectors agree with.

"The way we've been evaluating applications, I've told the city that instead of rezoning, why don't we just use the Burpee catalog," said Ralph Liebing, building commissioner for Hamilton County in Cincinnati, one of the industry's growing markets. "We're putting an awful lot of projects on line with landscaping as a crutch for approval instead of updating our city maps and rezoning."

Hamilton County is about two-thirds of the way through rewriting its zoning ordinances, which date back to 1949, in which the number of zoning designations could be expanded to 30 from the current 12 to 14.

In the interim, city planners have allowed certain types of businesses, including retailers, into planned districts, which Liebing said established a kind of "pseudo-rezoning." "We're looking to get away from 'cosmetic' zoning to a more planned, and enforceable, mechanism," he said.

A community's flexibility or intractability in its zoning and building code enforcement often depends on what financial condition the municipality is in, and how eager it is to have a business come in to clean up a blighted section of town.

"A lot depends on how bad the city wants that particular retailer, or how bad it needs the tax revenue," explained Dan Harrington, vp-development for Dolan Associates, a real estate developer based in Bannockburn, Ill.

He gave one example of Builders Square, the K mart owned warehouse home center chain, moving into a site in Oak Park, Ill., which had previously been a Korvette's and Woolco unit, but had been unoccupied for a year and a half. "The empty building was a blight in that strip mall, so the city was eager to have Builders Square come in," he said. "The hardest thing [the chain] experienced was negotiating for the lease."

Other dealers agree that the tax revenues their stores can generate for a city serve as effective leverage when negotiating with municipal officials over zoning and building codes.

"We are an asset to any community and our name is known across the state, something we mention at every zoning meeting," said Clark of Scotty's. Langfelder of Home Depot added that the chain was welcomed with open arms in Fullerton, Calif., "because they liked the idea of increased sales tax, and our cleaning up a rundown area." Home Depot was also invited personally by the mayor of Chula Vista, Calif., to inspect sites in that city.

Not all cities are this accommodating, however, particularly when it comes to approving a zoning application expeditiously.

Liebing, the building commissioner in the Cincinnati market, said that one of the main problems with his county's antiquated zoning laws was its procedural bureaucracy, where a building application goes through layers of commissions and can take up to nine months to complete.

"When you're trying to make renovations in a store quickly to deflect the impact of incoming competition, and you have to wait several months for approval of even the smallest structural change, who is helped by that?" asked Bright of Payless.

In fact, most retailers agreed that renovating an existing unit or second use building was considerably more zoning drawbacks than constructing a store from scratch. "You're usually taking over a unit that was constructed under old zoning, and the number of changes you're required to make to upgrade can be astronomical," said Ham of Lowe's. Homeclub's spokesman added that a retailer is not in a strong bargaining position in these cases, either. "You can either capitulate, or drag the process out forever, which benefits no one."

Recently, Payless won a lawsuit over whether it could be forced to install a sprinkler system in a store that had prior building approval and was 70% completed, and is now weary of retribution by the city if further renovation of the store is needed.

Conflicts of this magnitude are rare, and most cities actually encourage the expansion of home centers into their environs by offering development financing vehicles or even buying down the cost of land. And, no industry executive felt his company was being kept out of a market because of either zoning or building codes.

However, there is one area where zoning boards appear to be taking a much harder line: controlling the size and number of signs a retailer is allowed to use to promote his store's location.

In almost every city in the country, one can find business areas whose horizons are cluttered with signs from every conceivable retailer, each looking to shout louder than the other. Ham of Lowe's noted that in Winston-Salem, N.C., the city is attempting to rewrite its zoning codes to rein in what he sees as "one company trying to outdo the other with the biggest signs. It's really unbelievable."

While most dealers agree that signage used by some retailers has gotten out of hand, particularly in many of the Sunbelt markets, some feel that further restrictions could impact the image they want their stores to project from the street.

One such company is Moser Lumber, based in Naperville, Ill., currently building for $2.5 million a 60,000-sq.-ft. warehouse unit on 6.7 acres of land, and employing the remodeling and signage format of Hardware Wholesalers Inc.'s "Do-It" program.

"Our city only allows 30% of the side of a building to be used for signage, and we can only have one ground sign," said Paul Jacobs, Moser's vp and general manager-retail division. "And, as you know, the Do-It concept uses a lot of very large signs, so this could be a problem for us."

Signing restrictions notwithstanding, it is generally conceded by most home center executives that zoning and building code restrictions are becoming more conducive to retail expansion.

Some also assert that home improvement retailers fare better in markets whose zoning and building codes are well-monitored because these regulations help to keep the price of real estate down.

"When you have a free market situation where zoning isn't a factor, the price of prime land goes up and is rewarded to the highest bidder," explained Stanley Oblay, senior vp for Deauville Development Corp. in Houston, where there is no zoning and a construction free-for-all has taken place over the past decade.

Oblay told *NHCN* that because of Houston's lack of zoning, there has been a sharp curtailment of nonshopping mall development, because the cost for retailers to open freestanding units, under current competitive market conditions, is prohibitive.

"I can imagine that Home Depot, which will have a few freestanders in Houston, is paying a pretty good buck for that privilege," he said.

Cost of building a home center varies by market and climate

(Estimates are $ per sq. ft.)

Selected components	CHICAGO		PHILADELPHIA		HOUSTON	
Site preparation	$ 0.11	(0.4%)*	$ 0.11	(0.4%)*	$ 0.11	(0.5%)*
Foundation wall	2.33	(8.8%)	1.40	(5.7%)	0.58	(2.5%)
Interior foundations	0.29	(1.1%)	0.21	(0.9%)	0.14	(0.6%)
Slab on ground	2.45	(9.3%)	2.45	(9.9%)	2.45	(10.7%)
Framing	1.25	(4.7%)	1.12	(4.5%)	0.94	(4.1%)
Exterior wall	4.50	(17.0%)	4.50	(18.2%)	4.50	(19.6%)
Roof	4.81	(18.2%)	4.33	(17.6%)	3.61	(15.7%)
Floor finish	0.40	(1.5%)	0.40	(1.6%)	0.40	(1.8%)
Ceiling finish	0.17	(0.6%)	0.17	(0.7%)	0.17	(0.7%)
Partitions	0.72	(2.7%)	0.72	(2.9%)	0.72	(3.1%)
Plumbing	0.80	(3.0%)	0.80	(3.2%)	0.80	(3.5%)
Heating	1.02	(3.9%)	0.77	(3.2%)	0.68	(3.0%)
Cooling	1.29	(4.9%)	1.38	(5.6%)	1.48	(6.5%)
Electrical	4.04	(15.3%)	4.04	(16.4%)	4.04	(17.7%)
Built-ins	0.36	(1.4%)	0.36	(1.5%)	0.36	(1.6%)
Other building services: Sprinkler system Manual fire alarm Auto fire detection	1.91	(7.2%)	1.91	(7.7%)	1.91	(8.4%)
Total cost per sq. ft.	34.66		34.31		26.57	

Figures include labor and material, normal profit and overhead. Architect fees of 7% are included.

*% of total cost

Source: American Appraisal for *National Home Center News*, June 1985

The cost of building a home center can range from as much as $34.66 per square foot in a cold climate city like Chicago to $26.57 in a warmer market like Houston. Exterior walls, roof and electricals comprise the largest shares of the total price tag.

Esthetics pose headache for Depot

DEERFIELD BEACH, Fla. — When Home Depot purchased a highly valued parcel of property in this oceanfront community in the fall of 1983, its officials did not anticipate zoning approval for a proposed 80,000-sq.-ft. warehouse store to be any more difficult than the other Florida markets into which it has expanded.

But when the 32-unit Atlanta chain submitted its construction applications to the city's zoning commission in December of that year, it ran into unexpected opposition over the exterior design of the store, the amount of landscaping of the land the city required, even the use of the orange colors for which it has come to be known in the industry.

It took the chain around 35 days of sometimes heated negotiations to gain final approval from the zoning commission for the unit which opened, with a somewhat modified look, this April.

"What we wound up with isn't a store, it's a palace," said Jeff Langfelder, Home Depot's vp-real estate. "And we don't have a parking lot, we have a park."

Mark Leaf, director of planning for the city of Deerfield Beach, sees things differently. "Most retailers would be content to come into a market, throw up a steel box and a sea of asphalt, and nothing else. But this is 1985, and we don't operate like that anymore. We've learned a great lesson about zoning and development over the past decade."

In virtually every major market, home centers encounter a mishmash of zoning regulations and, at times, rigid city planners. But most industry officials concede that, in the majority of instances, zoning boards are flexible and willing to sit down with a chain to hammer out a development plan.

But the case of Home Depot in Deerfield Beach is an example of the zoning nightmare some companies will endure just to get a store up on a prized piece of real estate.

The plot of land on which Home Depot wanted to put its new store is located in what Leaf said was "an area of high visibility for the city," on the intersection of Hillsboro Road and Interstate 95, the main access route into the city.

City planners, in fact, were not looking for a retail outlet to be built here, hoping instead that the property would be developed for stylish office buildings more appropriate to the surroundings.

In one corner of this sector is a building locally known as the "Toyota Building," owned by a distributor called Southeast Industries, which Leaf claims has won "numerous" architectural awards. The southeast corner is occupied by the executive offices of Crocker & Co., a commercial real estate developer, which Leaf said was recently accorded a state landscaping prize, and went so far as to landscape the public median leading to its building.

And, on the northeast side, a

(Continued on page 72)

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LUMBER REPORT

Panel industry to evolve by 90's as plywood market share wanes

(Continued from page 16)

board. Data Resources estimates that the current variable production costs for waferboard is around $85 per 1,000 sq. ft. to $90 per 1,000 sq. ft.; fully 38% below the variable costs of plywood. Growing lumber and wood products demand over the next 15 years and declining timber inventories in the West and South will result in another round of escalation in sawtimber prices. This in turn will increase the cost advantage of waferboard and OSB. Consequently, the reconstituted wood panels will be able to take more market share away from plywood over the future.

The long-run implication of this loss of market share will be the passing of the plywood industry as we know it today and the evolution of a new panel industry by the mid-1990's comprising both veneered and non-veneered panel producers. This process is already under way. Since 1980, annual plywood capacity has been reduced 8.5% in the West (or 0.81 billion sq. ft.) while total OSB/waferboard capacity has increased 2.6 billion sq. ft. in the United States and 0.83 BSF in Canada.

The dynamic interrelationships of technology and market forces that come into play in the birth of reconstituted panels will continue to sponsor expansion of the relatively new OSB/waferboard industry. Resin technology has and will continue to improve allowing waferboard and OSB producers to utilize a mix of low-cost "junk" hardwood lumber and at the same time improve the technical performance of the panels produced. The cost of peeler quality sawlogs will start to escalate faster than overall inflation in the second half of the 1980's as this resource continues to decline. And, even though improved technology will allow the processing of smaller and lower cost timber, quality will suffer and these actions will still be insufficient to push costs of plywood production below those for waferboard/OSB.

This combination of events will nurture the expansion of the reconstituted panel products industry through the end of this century and beyond.

Robert Berg is a senior economist with Data Resources, Lexington, Mass. This is the second of a series of columns he is preparing especially for National Home Center News.

'Growing wood products demand over the next 15 years and declining timber inventories will result in another round of escalation in sawtimber prices. This in turn will increase the cost advantage of waferboard and OSB. Consequently, wood panels will be able to take more market share away from plywood over the future.'

—Robert Berg

Connor Forest Ind. sells cabinet division

WAUSAU, Wis. — Connor Forest Industries has sold its cabinet division to several members of the management team. Paul Streeter, formerly general manager of the cabinet division, is the major principal in the transaction. He will be president and chief executive officer of Connor Cabinets, which will be relocated in Tennessee.

Jim Fultz, formerly controller, will be vice-president-finance of the new company. Corporate headquarters will be in Knoxville, Tenn. Manufacturing facilities will be consolidated at the existing Morristown, Tenn. plant, to achieve higher efficiency.

Many of the key staff members of the former company will be joining the new endeavor. The objectives of the management and marketing team will be to strengthen the position of the Connor line in the market and to increase both production and customer service efficiency.

FOR THE RECORD

Miracle Adhesives changes 800 number

Miracle Adhesives, Bellmore, N.Y., has changed its toll free 800 number to 1-800-MIRACLE. Customers can call the number to place orders or to obtain product information. For New York State the number 516-221-0950.

Floor Covering Assn. relocates offices

CHICAGO — The National Assn. of Floor Covering Distributors relocated its offices to 13-126 Merchandise Mart but retains its 312-467-0116 phone number, according to the association.

The move became effective on May 1.

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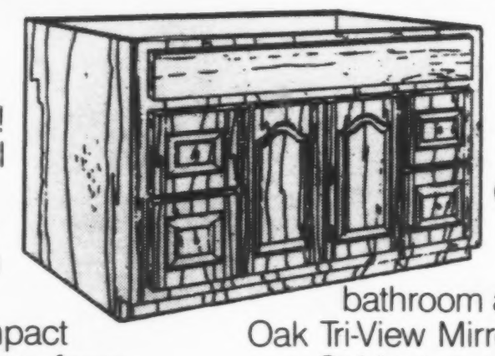

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National
Home Center News®

Vol. 11, No. 15 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. July 15, 1985

Home centers tapping into high-traffic locales

National Lumber's 67,000-sq.-ft. store opened in Fullerton, Calif., last month, next to a Price Club, the highly successful membership warehouse chain. NHCN photo

National Lumber, HomeClub piggyback at membership warehouse club sites

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — Some DIY dealers wonder if National Lumber is going to have problems with its newest location, which opened late last month on busy Harbor Boulevard in this densely populated Orange County city.

The store is directly across the street from HomeClub's corporate offices and flagship store, and barely three miles south of a Home Depot now being readied for its grand opening later this month.

Ole's, Handyman and Builders Emporium also are represented in Fullerton.

But National Lumber's president, Mel Jaffee, seems confident that his 16th store will be a winner. He says some of his confidence stems from the very thing that might worry another retailer—the location.

National Lumber's 67,000-sq.-ft. store—the largest unit in the chain to date—is next to a Price Club outlet, the highly successful membership warehouse chain which sells general merchandise, food and liquor.

Industry observers said the joint use of a common parking lot by two warehouse-style businesses is likely to occur with increasing frequency.

Such a trend toward home centers "piggybacking" with warehouse-style general merchandise retailers has potentially enormous implications for the DIY industry.

With retail sites at a premium, especially in urban markets, creative approaches to real estate selection are increasingly being sought by store planners (*NHCN*, July 1).

On the West Coast, Home-

(Continued on page 73)

Homecrafters shifts strategy to lift earnings

New cfo will no longer sell off older stores

By Phillip M. Perry
NHCN senior editor

BIRMINGHAM, Ala. — Homecrafters Warehouse has hired a new cfo and is adding a new layer of operations management in an attempt to stem a continuing tide of earnings losses.

The company also said it was bringing to a halt its previous policy of raising cash to build new warehouse outlets by selling older stores.

"We are still working our way through our problems," said Georges A. Hanzi, president of the $156 million chain of 38 home center stores, in speaking of the changes. "We are taking steps now to get more out of our stores. And, when you look at all of the pieces of the problems we have, not having a cfo is one of the reasons for them." Hanzi added that the new cfo will also be expected to upgrade the company's presentations to Wall Street.

"I have been disappointed with the earnings picture, as has everyone else here," acknowledged Stephen L. Wiley, who had previously been responsible for the financial operations of the company. As of the end of June, Wiley was remaining with the company in his capacity as executive vp.

Richard Shepperd, a turnaround specialist, has been named the new cfo. Previously, Shepperd was controller for the $800 million tire division of the Uniroyal Corporation.

Charles Neil, formerly manager of the Homecrafters Warehouse in St. Matthews, Ky., was named to the newly created position of district manager for the company's warehouse operations last month. The company said it expected to name a person for a similar posi-

(Continued on page 73)

NEWSBREAKS

EVANS CONSULTS CHANIN. Jeff Chanin, a member of the teams that brought Daylin and Wickes Cos. through Chapter 11, will now do turnaround consulting for Evans Products.

WESTLAKE TO ARKANSAS. Westlake Hardware Supply, a $60 million chain based in Moberly, Mo., was scheduled to move into Arkansas for the first time this month, with its 29th store.

INSIDE:

Einfeld's short tenure at O'Malleys —Page 2

Knox Lumber sale postponed as investors seek additional funds —Page 3

Hechinger puts 1.5M shares on block to raise expansion cash —Page 3

Existing home sales take breather in May —Page 10

NEWS ANALYSIS

Tax plan may spell havoc for forest products firms

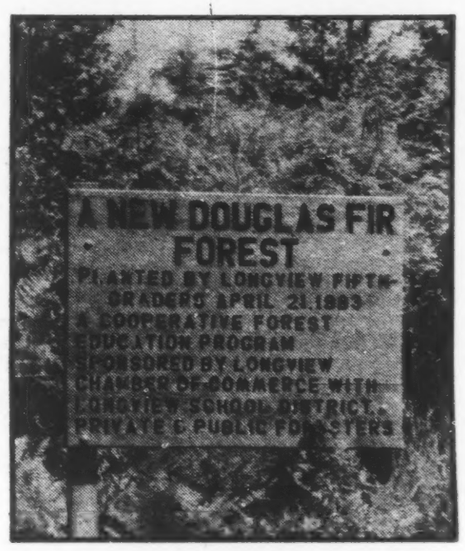
By Milford Prewitt
NHCN Associated Editor

NATIONAL REPORT — The Reagan tax plan "will set the clock back 40 years" in the forest products industry, reviving an era of "cut-and-run" forestation and wreaking financial ruin for both large and small lumbermills, industry observers and executives predict.

The consensus of many people affiliated with timber growers and forest products is that the industry could not survive the ravages of the President's tax proposals if it removes some special tax breaks lumbermen have counted on since World War II.

By repealing investment tax credits, eliminating capital gains treatment on timber and discontinuing deductions for certain capitalization expenses, as the Administration's plan advocates, timber growers would face financial chaos on several fronts, some believe.

(Continued on page 16)



Efforts to replenish forests, like this second-growth Douglas fir stand near Longview, Wash., could be jeopardized by Reagan's tax reform plan. NHCN photo

Home centers come of age in annual NHCN *survey*

NATIONAL REPORT — Home centers have muscled their way into the forefront of consumer consciousness, according to a new study profiling seven of the nation's most competitive retailing markets.

While as little as 10 years ago, consumers expressed confusion about just what a home center was, today home centers have become the dominant choice for home improvement purchases.

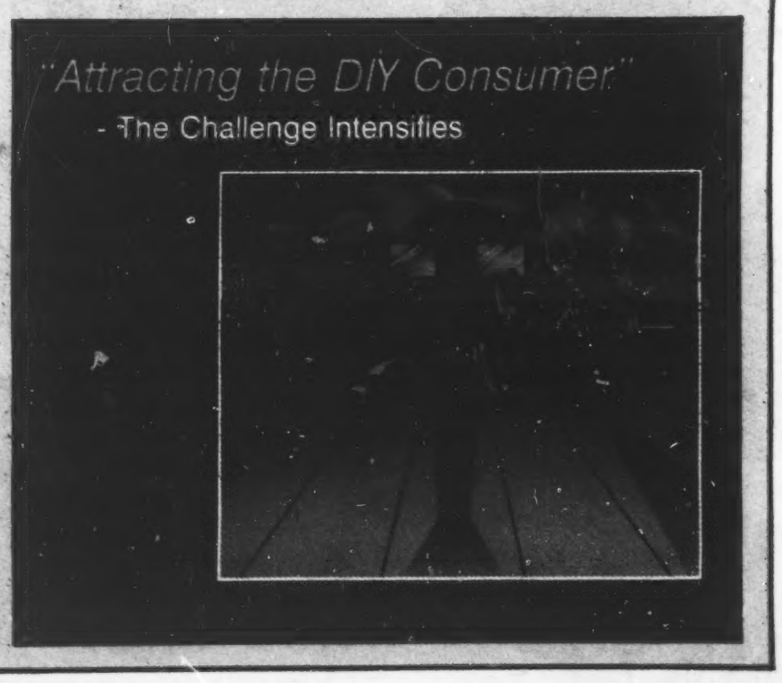
Still, home centers are not completely satisfying their customers. Competitors like Sears, hardware stores and discounters are thriving by being strong where home centers are viewed as deficient: in providing credit, service and everyday low prices.

In fact, few consumers see their favorite home improvement outlet, regardless of the type of store it is, as "the best in town." The favorite supplier is usually seen as a compromise.

These findings are part of *National Home Center News*' seventh annual consumer attitude study, which was conducted by Leo J. Shapiro & Assoc., Chicago. The report, which begins on page 19, examines home improvement activity in seven hot markets: Houston, Phoenix, Columbus, San Bernardino, Long Island, Virginia Beach and Chicago.

The report also found that:

- While home centers attract the majority of home improvement shoppers, 4 out of 10 households prefer to shop at stores other than home centers for their home improvement needs.
- Because people do not feel connected to the "best" store in town, they are alert to alternative stores in the market. The mean amount of time spent looking at home improvement ads during a week was 7 min.; 1 in 5 respondents spend at least 15 min.
- Regardless of where customers shop, their first alternate choice when they can't shop their preferred store is usually a home center.
- Even a store seen as "best in town" is vulnerable. Customers quickly recognize specific shortcomings.



NHCNews Briefs

Industry Update

Solomon buys 1M Wickes pref.

SANTA MONICA, Calif. — Solomon Asset Management, a New York investment adviser, reported to the SEC that it had purchased 15.31% of the outstanding shares of $2.50 preferred stock issued earlier this year by Wickes. Solomon now holds 1,072,000 shares in that category of stock, which was issued by Wickes in part to help fund the acquisition of certain subsidiaries of Gulf + Western. (*NHCN*, July 1).

Reliance Financial Services, New York, a unit of Saul Steinberg's Reliance Group, reported June 18 that it had sold all of its Wickes $2.50 preferred stock for $15,417,082. Reliance still holds 3.5% of Wickes' common stock.

Texas blue law repealed

HOUSTON — Beginning Sept. 1, all Texas retailers, except car dealerships, may legally conduct business every day of the week.

The 125-year-old blue law barring the sale of certain merchandise on a seven-day schedule, was repealed by both Houses of the state legislature in May and signed into law by Texas Gov. Mark White on May 31.

However, the legal battle waged by the Merchants Assn. of Houston Inc. two years ago against Handy Dan for blue laws violations, is continuing.

"Unless and until they overrule us, Handy Dan will still seek a judgment [against the law] through the courts," declared Handy Dan attorney Linda Addison, partner with the Houston firm of Fulbright & Jaworski, but, she added, "After Sept. 1, our case is moot."

Depot undaunted by Calif. fire

FULLERTON, Calif. — Home Depot remains on schedule to debut on July 17 its first two California stores—in Fullerton and Huntington Beach—despite a major chemical fire that forced employees to evacuate the West Coast regional headquarters in Fullerton for two days. The June 22 pesticides warehouse fire in nearby Anaheim threatened to send toxic fumes over five square miles of Orange County, forcing some 10,000 people to flee the densely populated area.

BE plans Homeowners reopening

LOS ANGELES — Less than two months after buying four-unit Homeowners Do-It-Yourself Centers, the now 68-unit Builders Emporium chain planned to kick off a grand reopening promotion on July 16 to signal its new ownership of the ex-Homeowners outlets in west Los Angeles, Montebello, Gardena and Torrance, Calif.

Handyman traded on AMEX

SAN DIEGO — Handyman, a chain of 55 home centers, began trading on the American Stock Exchange June 18. Edison Brothers had voted to spin off the subsidiary the previous day.

Opening at 28 and closing at 28⅜, the stock moved 4,100 shares the first day. One week later, the stock closed at 29⅜ on a volume of 1,300.

The volume of the stock was expected to increase after July 1, when Handyman stock certificates were scheduled for distribution, and when Edison Brothers shares were scheduled to drop in price as a result of the spin-off of Handyman (*NHCN*, May 20). William Silver, the Handyman stock specialist and a partner in Weiskopf-Silver, New York, noted that institutions were hesitant to sell stock until they had certificates in hand. In addition, the scheduled drop in Edison stock price, Silver felt, would signal the importance of the Handyman stock to the market.

Chase-Pitkin opens 12th unit

ROCHESTER, N.Y.— Chase-Pitkin opened its 12th retail outlet on June 27 in Canandaigua, N.Y., 30 miles southeast of Rochester. It has expanded hours.

The new facility is a 60,000-sq.-ft. unit that includes a 45,000-sq.-ft. store and a 15,000 sq.-ft. protected outdoor selling area used primarily for building materials and lawn and garden items.

The company's newest store features a separate contractor sales office and more building materials.

The Canandaigua store is open 89.5 hours per week, five hours longer than Chase-Pitkin's other stores. It opens at 7:30 a.m. on weekdays rather than at 8:30 a.m. to better serve the contractor customer.

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Vol. 11, No. 15 July 15, 1985

Einfeld does an about-face at O'Malleys

PHOENIX — Three months after joining O'Malleys as a consultant and only days after being appointed its director of consumer marketing, Nick Einfeld resigned from the company here on June 3 to the surprise of company executives and employees.

This is the second time Einfeld, the former Handy Dan and Anfel's executive, has made a fast exit from a Phoenix home center chain. Before Home Depot entered Phoenix in November 1983, it hired Einfeld as a consultant and eventually as division manager. However, his tenure with the chain lasted only around eight months.

"Nick told us that he did not believe his particular talents were best suited for our operation, and that he was more used to discount-type retail stores," said Dean Drake, the chain's executive vp. "I only wish he would have told us this before we put him in the new job."

On March 1, Einfeld, who did not return several phone calls made to his home here, was brought on at O'Malleys to help the chain expand its retail operations, which in 1984 contributed 40% of its sales.

He was to be "in complete charge of all retail operations" in his new post, said Drake, including "merchandising, ad department, product and vendors." (*NHCN*, July 1)

According to one company source, Einfeld had been given a 120-day "grace period," during which "he would find out if he could live with us, and vice versa."

Ninety days later, Einfeld informed Drake that he wanted to make things more permanent. The company was so eager to bring him on board that it allowed Einfeld to write his own job description, said Drake, after which the consumer marketing director position was officially drawn up, and his appointment was announced to

(Continued on page 74)

Labor dispute heats up at Neiman-Reed

VENTURA, Calif. — A strike by employees of a Neiman-Reed's Lumber City store here has prompted company officials to file a lawsuit seeking $1 million in punitive damages from the United Food and Commercial Workers Union for creating "an atmosphere of violence or potential violence."

Lumber City personnel director Bob Howard said that since nearly 30 employees walked off their jobs May 5, "we have received bomb threats at all stores and [anonymous telephone] threats against company executives.

"We never said the union is responsible for it," Howard continued, adding that the Van Nuys, Calif.-based chain also has received "complaints from customers about harassment and verbal abusement" by picketers.

Lee Berns, president of the UFCWU Local 899, whose members are striking Lumber City, disputed the company's claims, saying, "strikes disrupt business, but there's been no violence. There isn't a window scratched in a store. There are no flat tires, broken windows or bodily injury—where's the violence?"

Berns said security guards hired by Lumber City have harassed his picketers.

"Our strike will continue and it will expand," he added.

At presstime in late June, the UFCWU said it would be willing to go back to the bargaining table. Berns said "we are willing to submit the unresolved issues to third-party binding arbitration, to allow a neutral person to make fair and equitable decisions about the noneconomic clauses of the contract. We are not willing to arbitrarily surrender."

Howard said Lumber City was willing to "schedule a meeting with them and a federal mediator" to discuss a possible break in the impasse.

(Continued on page 74)

Grace Report sparks Handy Dan picket

WASHINGTON — Hundreds of Federal employees picketed W. R. Grace-owned businesses in 10 cities, including a Handy Dan in Austin, Tex., to protest Grace Commission Report recommendations to cut their pay and benefits.

George King of the National Treasury Employees union (NTEu), described the "Day of Grace"—June 24—as being "very successful" and added that it was highlighted by a meeting between union officials and Grace executives at 1 Grace Plaza in New York.

The Handy Dan store at Interstate 35 and Ben White Boulevard is 1 of 3 Handy Dans in Austin, and apparently was chosen as a demonstration site because of its location, directly across the street from a regional IRS facility, according to a store employee.

"There were about 15 picketers walking around in circles for a couple of hours," the employee continued. "Most of our customers just laughed."

John Gish, project director of the President's Private Sector Survey on Cost Control, said the NTEu "is guilty of making totally misinformed allegations about the commission's findings."

The Federal workers say that they receive less in both pay and benefits than their private-sector counterparts, and that Grace chairman J. Peter Grace "demeaned the entire Federal workforce by proposing cuts to Federal pay and benefits" in the 1983 survey, which was presented to President Reagan in January 1984.

In response to the union criti-

(Continued on page 74)

Highlights in this issue

NHCN's 1985 Consumer Attitude Survey

- *After 10 years, home centers come of age* —**Page 19**
- *DIYers play the field: various factors lure fickle home improver* —**Page 20**
- *Locations, prices, variety draw shoppers to home center stores* —**Page 24**
- *DIYers comb ads of home improvement stores*—**Page 26**
- *Polled DIYers prefer ads in the newspaper over any other media* —**Page 27**
- *Weaknesses offer shot to capture market share*—**Page 30**
- *Low prices, credit key to defense* —**Page 32**

Phoenix Update

- *Phoenix arises as home center battleground* —**Page 45**
- *Phoenix homeowners trading up not adding on* —**Page 48**

Merchandising

- *Ohio warehouse a giant leap for Busy Beaver* —**Page 35**

Advertising & Marketing

- *Do-it-yourself bug flies across tube in Handyman TV ads* —**Page 57**
- *Erb introduces new logo in first step of image enhancement* —**Page 57**
- *Fagen's tests new print circular that fits in customers' back pocket* —**Page 57**
- *Moore's 5th warehouse campaign appeals to variety of shoppers* —**Page 59**

Index

Ad Angles	57, 60, 61
Calendar	55
Classified	69-71
Editorial	8
Financial News	4, 5
Home Center Trivia	12
Housing Watch	10
Lumber Report	16
New Products	62-64
New S&O Products	42
Price Point Survey	68
People	12
Washington View	8

Systems & Operations

- *Anderson eyes better inventory, co-op control* —**Page 41**
- *Bar code vendors to showcase automatic identification systems* —**Page 42**

FINANCIAL NEWS

32 Gainers

2 Unchanged

22 Losers

Price-percentage gainers held the upper hand over losers, 32-22, on *NHCN*'s Industry Market Summary for the two weeks ended June 28, 1985. Two stocks were unchanged in the period, which saw the *NHCN* Retail Stock Index lose ground relative to Standard & Poor's 500 Index.

Several home center retail issues continued their downward price slide. Home Depot, which closed down 10.5% for the previous two-week period ended June 14, declined another 10.2% to close June 28 at $13.25, on a two-week volume of 13.5 million shares.

Hechinger Class A common was down 7.1% to $18.75 on nearly 11 million shares traded. The company had split the stock 5-for-4 on June 17, to lower the price from its previous selling level of $28 to a figure more attractive to investors. Hechinger then sold 1.5 million new shares on June 21 to raise $27.8 million to fund chain expansion *(story, page 3)*.

Diamond Lumber's parent, Michigan General, was the period's biggest loser, plummeting 17.8% to $4.63 on a two-week volume of 2.3 million shares.

Troubled Evans Products was down 12.5% to a 52-week low of $1.75, for the two-week period.

Payless Cashways reversed several consecutive losing periods by closing June 28 at $18.38, up 5%, on a two-week volume of a little over eight million shares.

The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
MacMin Bidel N	2,133	630.0	- 2.3
Hechinger A M	10,772	442.7	- 7.1
DeSoto Inc N	1,317	319.7	2.1
Homecrafters Whse M	2,232	246.5	- 5.7
Thos Inds N	1,019	242.9	12.4

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Erb Lumber O	32	200.0	7.1
Lowe's Cos N	10,054	182.7	.0
Home Depot N	13,512	179.3	- 10.2
Triangle Pac N	3,057	172.5	7.1
Grace W R N	13,343	158.4	- 3.0

TOP GAINERS

Company & Market	2-Weeks Ended 6-28-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Clopay Corp A	19.00	12.6	78
Thos Inds N	17.00	12.4	1,019
Triangle Pac N	28.38	7.1	3,057
Erb Lumber O	22.50	7.1	32
Natl Gypsum N	46.38	6.9	5,035

TOP LOSERS

Company & Market	2-Weeks Ended 6-28-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Mich General A	4.63	- 17.8	2,318
Evans Prod N	1.75	- 12.	881
Home Depot N	13.25	- 10.	13,512
Hechinger B M	18.50	- 9.3	1,206
Hechinger A M	18.75	- 7.1	10,772

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 6-28-85 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate: Amt. $	Indicated Divd. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue: Amt. $Mil	Latest Quarter: Revenue: Chg. %	Latest Quarter: Net Income: Amt. $Mil	Latest Quarter: Net Income: Chg. %	Latest Quarter: E.P.S.: Amt. $	Latest Quarter: E.P.S.: Chg. %	Year-to-Date: Revenue: Amt. $Mil	Year-to-Date: Revenue: Chg. %	Year-to-Date: Net Income: Amt. $Mil	Year-to-Date: Net Income: Chg. %	Year-to-Date: E.P.S.: Amt. $	Year-to-Date: E.P.S.: Chg. %
Retailers																													
Bldw Cascade N	48.25	.75	1.6	48.25	45.13	49.00	32.50	13,266	4.86	1.99	144.2	20.1	1.90	3.9	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	17.50	.00	.0	17.50	17.13	20.00	14.25	2,204	2.39	1.75	36.6	12.4	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	37.63	1.88	5.2	37.63	35.50	37.63	31.50	1,185	1.17	.65	80.0	14.4	1.60	4.3	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber O	22.50	1.50	7.1	24.50	21.00	22.50	18.00	32	.36	.12	200.0	6.8	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.75	- .25	- 12.5	2.13	1.75	6.25	1.75	881	.64	.33	93.9	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	22.00	.13	.6	22.00	21.63	22.38	15.00	23	.06	.04	50.0																		
Grace W R N	40.38	- 1.25	- 3.0	41.63	39.38	44.50	38.50	13,343	2.75	1.06	159.4	44.9	.15	.7	.....	fiscal	01-85	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Hechinger A M	18.75	- 1.44	- 7.1	20.59	18.00	23.19	13.81	10,772	12.32	2.27	442.7	10.6	2.80	6.9	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger B M	18.50	- 1.91	- 9.3	20.00	18.25	24.19	13.81	1,206	.53	.29	82.8	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hines Ed Lumber O	39.00	- .25	- .6	39.75	39.00	43.75	34.50	83	.47	.25	88.0	19.7	.08	.4	.....	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Homecrafters Whse M	8.25	- .50	- 5.7	8.75	8.00	16.25	5.25	2,232	7.90	2.28	246.5	27.3	1.00	2.6	.....	fiscal	12-84	68.4	10.3	.2	- 33.3	.13	- 27.8	280.8	12.5	2.5	38.9	1.43	38.8
Home Depot N	13.25	- 1.50	- 10.2	14.88	12.63	27.88	12.00	13,512	5.39	1.93	179.3	NE	.00	.0	.....	fiscal	01-85	35.2	34.9	(3.2)	- 100.0	(1.14)	- 100.0	156.4	49.7	(4.8)	- 100.0	(1.69)	- 100.0
INTERCO Inc N	66.75	1.13	1.7	67.25	65.00	70.50	55.00	1,496	1.06	2.10	- 49.5	26.5	.00	.0	.....	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
K mart Cp N	38.38	.75	2.0	38.38	36.50	41.50	29.25	29,795	2.38	1.53	55.6	10.1	3.08	4.6	.....	9 mos.	11-84	698.7	- 5.9	28.3	- 20.3	1.77	- 17.7	2044.8	- .5	72.2	- 10.2	4.42	- 9.1
Lowe's Cos N	26.88	.00	.0	27.13	24.00	31.13	16.25	10,054	2.77	.98	182.7	10.0	1.40	3.6	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
												16.0	.36	1.3	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	4.63	- 1.00	- 17.8	5.63	4.50	8.50	4.50	2,318	2.04	1.00	104.0	22.0	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.50	- .13	- 2.2	5.75	5.25	7.50	4.50	329	.58	.51	13.7	26.2	.00	.0	NEW	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	14.50	.13	.9	15.25	14.25	17.50	11.50	1,951	1.95	1.94	.5	14.4	.64	4.4	.....	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	18.38	.88	5.0	19.38	17.50	23.38	13.50	8,120	2.34	1.29	81.4	16.3	.16	.9	NEW	6 mos.	05-85	376.5	20.7	13.0	6.6	.39	5.4	631.4	23.9	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	13.50	- .38	- 2.7	14.25	13.50	16.38	11.38	844	.64	.39	64.1	10.2	.52	3.9	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	38.38	.63	1.7	39.00	37.38	38.13	29.75	56,826	1.57	.93	68.8	9.6	1.76	4.6	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
Std Brd Prd N	23.63	1.38	6.2	23.88	22.13	23.88	16.50	1,733	1.55	1.48	4.7	12.6	.56	2.4	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	46.25	1.75	3.9	46.25	41.75	47.75	23.63	6,405	2.40	1.56	130.8	13.7	.48	1.0	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wickes Lumber M	6.75	- .13	- 1.8	6.75	6.63	7.25	4.00	327	.56	1.24	- 54.8	15.3	.16	2.4	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.38	- .13	- 1.5	8.63	8.13	9.75	7.13	232	.62	.68	- 8.2	39.9	.28b	3.3	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	22.88	- 1.25	- 5.2	24.50	22.63	28.75	18.75	2,447	2.32	1.03	125.2	NE	1.40	6.1	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	n/a	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	29.88	.25	.8	31.50	29.50	35.38	24.13	4,535	1.16	1.01	14.9	10.1	1.60	5.4	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	39.00	1.38	3.7	39.50	37.50	39.50	23.25	6,529	2.74	1.34	104.5	10.8	1.30	3.3	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	19.75	.25	1.3	20.13	19.13	26.88	17.25	18,780	3.73	2.15	73.5	11.2	.64	3.2	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	27.50	- .13	- .5	28.25	27.38	28.50	15.75	2,296	1.21	.57	112.3	12.9	.70	2.5	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Int N	23.13	.38	1.6	23.25	22.25	26.75	16.88	22,768	2.46	1.56	57.7	NE	.40	1.7	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	19.00	2.13	12.6	19.00	16.63	22.19	10.91	78	.52	.82	- 36.6	12.6	.16	.8	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	n/a	(.29)	NE
DeSoto Inc M	35.75	.75	2.1	35.75	34.88	37.88	27.13	1,317	2.77	.66	319.7	11.6	1.40	3.9	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	29.88	.25	.8	30.13	28.75	32.25	24.53	2,036	.74	.64	15.6	10.2	1.40b	4.7	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacific N	23.75	.50	2.2	24.00	22.38	27.38	18.00	15,528	1.51	1.23	22.8	23.1	.80	3.4	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Inspiration Cp N	19.25	.38	2.0	19.50	18.50	20.72	13.81	3,469	1.94	.93	108.6	10.8	1.00b	5.2	.....	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	22.13	.63	2.9	22.38	21.13	24.75	16.50	4,642	1.35	.86	57.0	18.0	.80b	3.6	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMin Bidel N	16.00	- .38	- 2.3	16.88	16.00	21.81	15.00	2,133	.73	.10	630.0	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	6.00	- .25	- 4.0	6.88	5.75	9.38	5.13	6,228	2.60	1.34	94.0	2.8	.00	.0	.....	fiscal	12-84	456.5	5.8	18.2	1416.7	.50	NE	1814.2	4.9	77.2	14.9	2.18	23.9
Masco Corp N	35.25	2.25	6.8	35.50	33.00	35.75	22.50	12,540	2.22	.88	152.3	20.5	.56	1.6	.....	3 mos.	03-85	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Mor-Flo Inds M	19.50	- .13	- .6	19.63	19.50	20.25	11.38	221	.86	.50	72.0	7.4	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	46.38	3.00	6.9	46.63	40.25	46.63	27.63	5,035	3.24	1.53	111.8	6.6	2.00	4.3	.....	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co N	16.25	.63	4.0	16.25	15.13	19.00	13.25	450	.52	.41	26.8	10.0	.50	3.1	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.38	.25	.7	36.00	35.00	37.00	25.13	6,238	2.11	.92	129.3	8.6	1.40	4.0	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Ply-Gem A	16.00	.38	2.4	16.13	15.50	16.50	11.00	748	2.07	1.02	102.9	13.4	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	19.38	- .25	- 1.3	19.88	19.00	21.50	15.00	113	.19	.20	- 5.0	NE	.80	4.1	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	34.88	.13	.4	34.88	33.25	38.13	25.75	754	.49	.54	- 9.3	12.4	1.56	4.5	.....	3 mos.	03-85	234.7	- 6.2	11.5	- 8.0	.67	1.5	234.7	- 6.2	11.5	- 8.0	.67	1.5
Sherwin Wms N	38.50	.13	.3	39.75	37.75	39.88	24.00	3,615	1.61	.83	94.0	13.4	.92	2.4	.....	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
SW Forest Ind N	14.00	- .13	- .9	14.25	12.88	20.00	11.75	3,607	3.88	2.08	86.5	46.7	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Stanley Works N	29.50	- .75	- 2.5	30.88	29.25	31.00	19.50	5,277	1.96	.96	104.2	11.2	.96	3.3	.....	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	17.00	1.88	12.4	17.00	15.13	18.88	12.72	1,019	1.20	.35	242.9	9.7	.68b	4.0	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	28.38	1.88	7.1	28.50	26.50	31.25	20.75	3,057	7.52	2.76	172.5	8.5	1.00	3.5	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	42.50	2.63	6.6	43.00	38.50	43.00	22.50	8,114	2.46	1.41	74.5	7.4	1.68	4.0	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	37.13	- 1.00	- 2.6	38.88	37.00	39.25	22.00	5,213	2.48	1.37	81.0	7.6	1.40	3.8	NEW	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Wausau Ind M	15.63	.88	5.9	16.25	14.50	16.88	3.84	1,383	4.58	4.57	.2	18.8	.08	.5	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	28.75	- .50	- 1.7	29.13	27.88	34.00	25.88	17,306	1.20	.69	92.8	18.8	1.30	4.5	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column

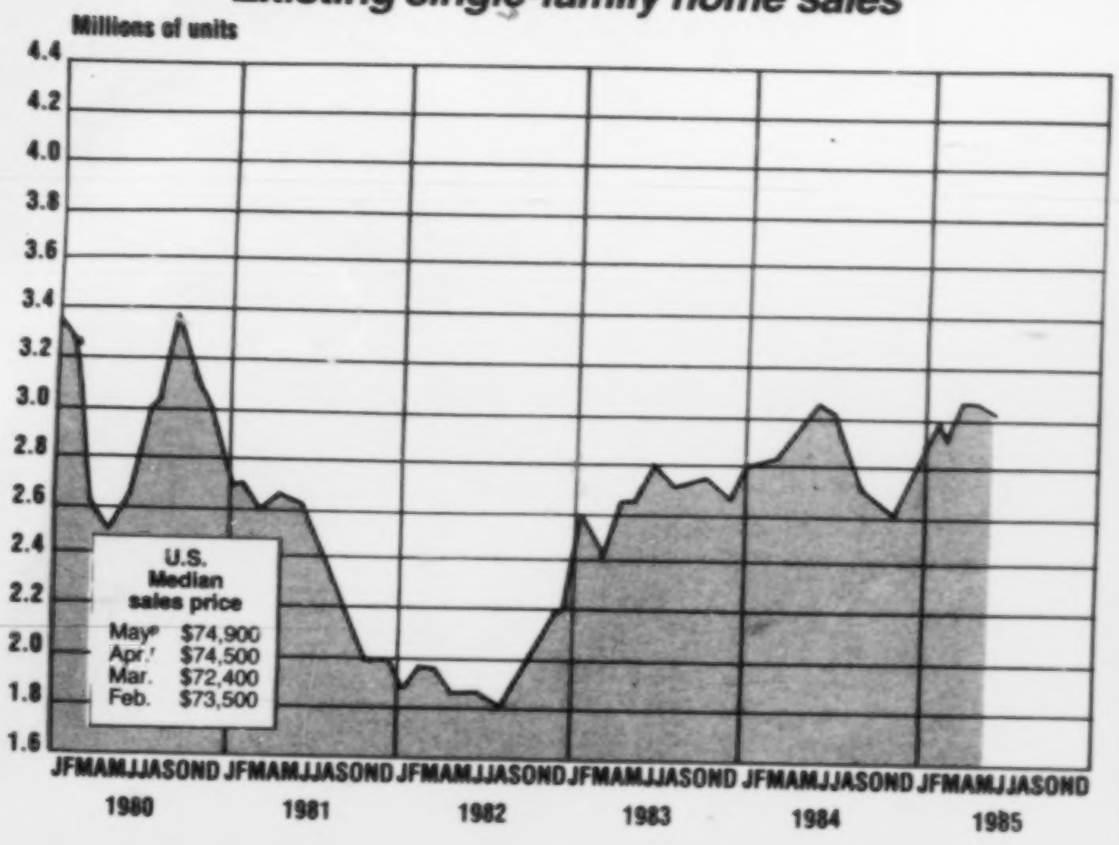
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

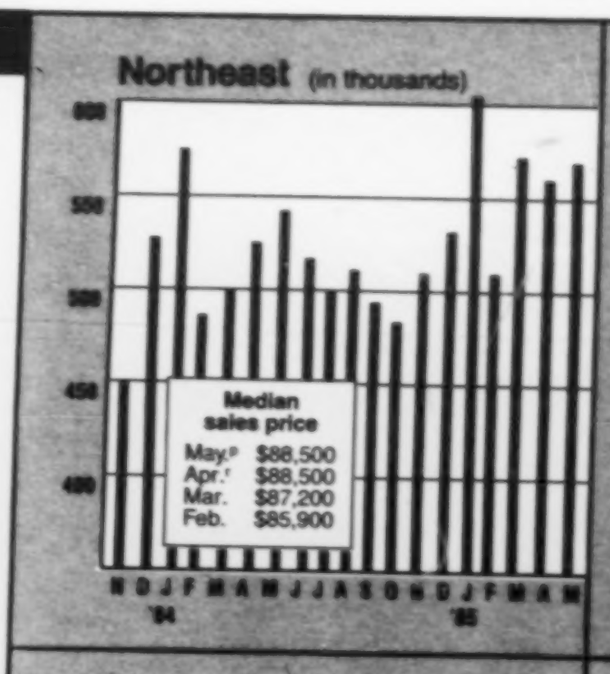
Existing single-family home sales

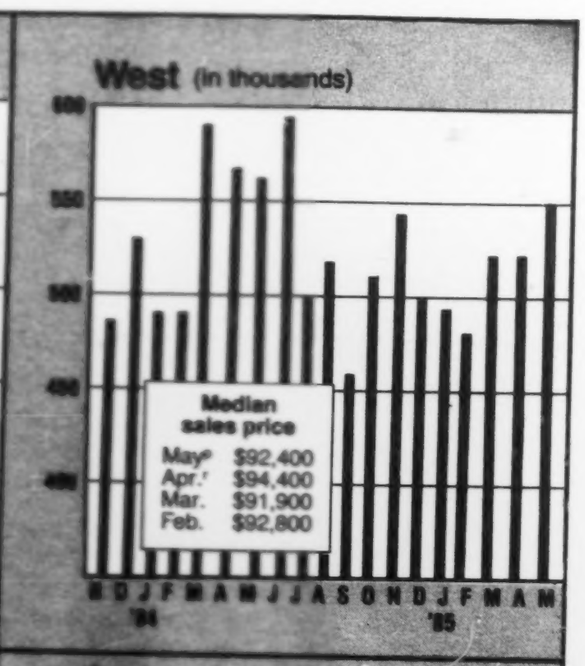


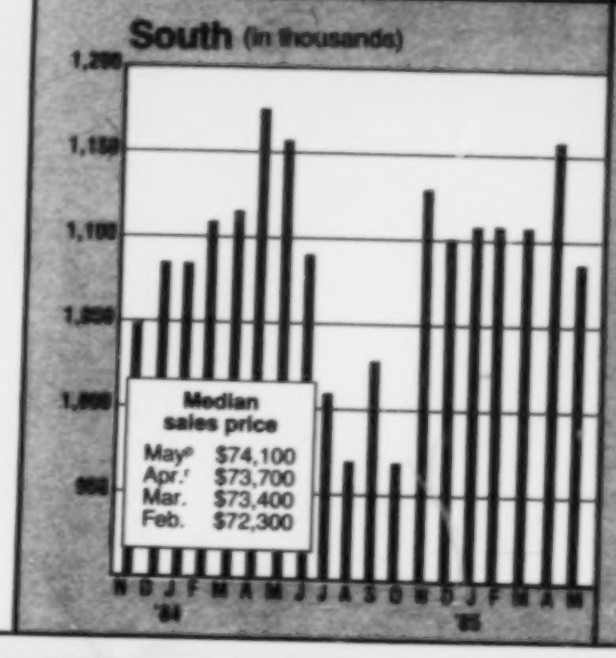
Despite the 1% decline in home resale activity in May, the Nat'l Assn. of Realtors is optimistic about the nation's year-end total, which is predicted to be an 8.2% increase over 1984. Already, the seasonally adjusted May figure of 3.01 million units is 1.3% ahead of last May, and marks the third consecutive month seasonally adjusted activity is above the 3 million mark.

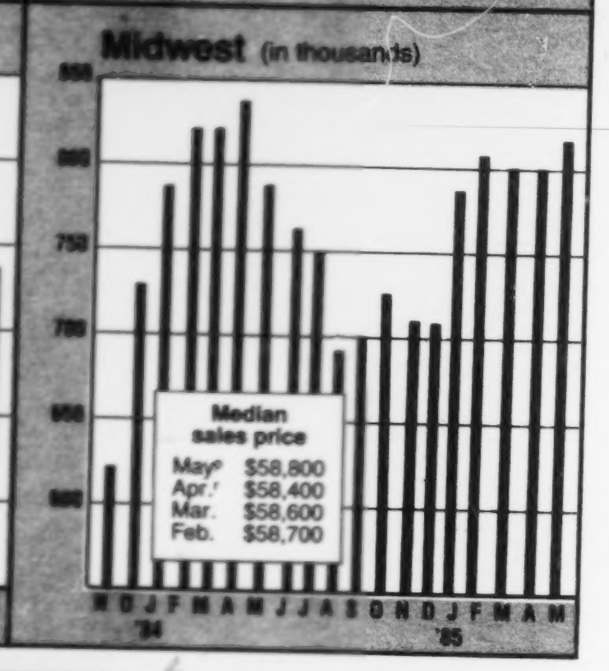
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









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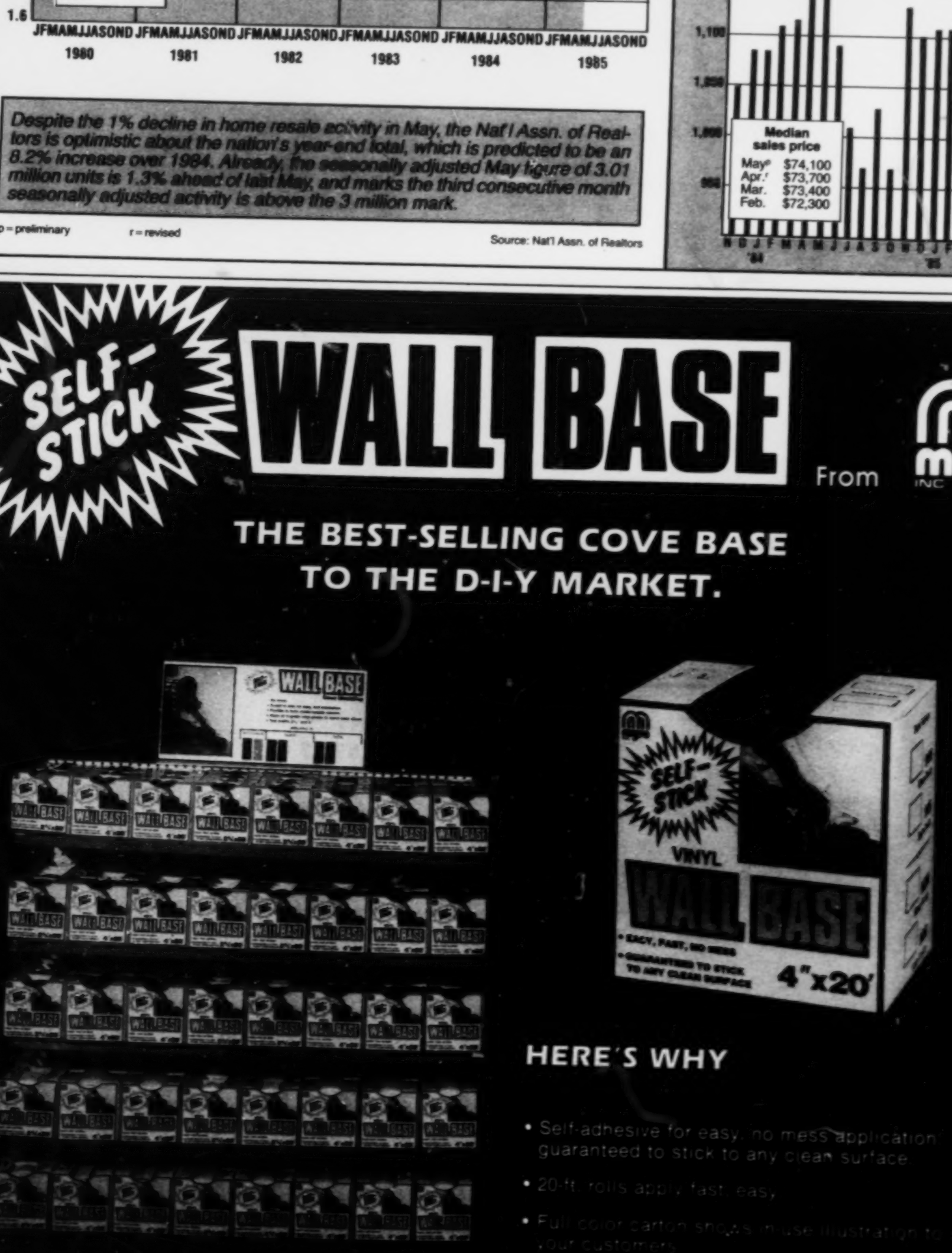

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Existing homes sales take May 'breather'

NATIONAL REPORT — Activity for existing home sales took a "breather" in May, declining 1% to a seasonally adjusted 3.01 million units, according to the National Assn. of Realtors.

Despite the slight decline, the NAR reports it is "not concerned at all" and expects 1985 figures to be 8.2% ahead of 1984.

In fact, May's figures are noteworthy: It was the third consecutive month that sales activity for existing homes was above the seasonally adjusted three million mark, noted NAR spokesman Walt Molony.

May's numbers "are just kind of taking a breather," said Molony, referring to the record-setting April figure of 3.04 million units, seasonally adjusted. "We expect to have an increase this year."

The NAR is projecting 3.10 million units will be sold in the United States in 1985 compared to the 2.9 million sold last year.

The increases projected for home resale activity will not be mirrored in the new home construction market this year, however.

According to the U.S. Commerce Dept., housing starts declined 14% in May to a seasonally adjusted rate of 1.66 million units.

The National Assn. of Home Builders projects 1985 will yield 1.65 million new starts, down 6% from 1984.

The small decline in resale activity in May is blamed on the South's 7.8% decline to a seasonally adjusted 1.07 million units.

All other regions posted sales increases with the West charting the largest rise, 5.8% to a seasonally adjusted rate of 550,000 units.

Unsold inventory continued its decline in May to 2.72 million units, below April's 2.78 million houses and the 2.80 million units reported in March.

The price of an existing home rose $400 in May to $74,900, a 3% increase over last May when the price was $72,700.

The price of a house in the Northeast has risen the most of any region, 13.5% since last May to $88,500, although the cost of a resale home there was unchanged from April.

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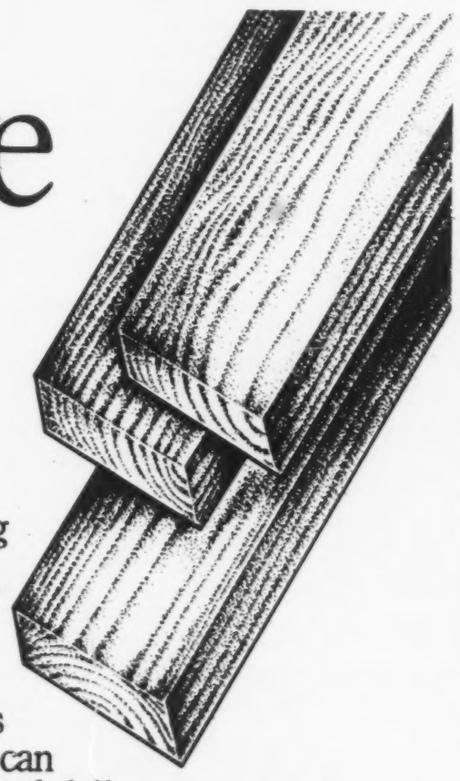

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LUMBER REPORT

Reagan tax proposals predicted to wreak havoc on forest industry

(Continued from page 1)

Among the industry's dire predictions are a disincentive to reforest harvested lands, dramatic curtailments in production, sharp drops in supply, poor resource management and a depressed housing market, which ultimately would affect retail sales.

Although some timber executives savored the tax plan's call for reducing corporate taxes by almost 45%, others fear that the loss of some historic tax incentives would make the corporate tax reduction meaningless. They complain that the industry is already beset by oversupply, dwindling demand, intense Canadian lumber competition and worry that the Administration's reform package would exacerbate a perilous condition.

At the heart of the industry's nightmare is Reagan's proposal that timber grower's could no longer deduct their management and capitalization expenses for reforestation and would lose the capital gains treatment when trees are harvested.

Frank Slover, director of communications for the Georgia Pacific Corp., said that T. Marshall Hahn Jr., president and ceo of the giant timber grower, has been an outspoken critic of the tax reform plan. Slover said Hahn and other industry leaders oppose the plan because it discourages timber growers from making investments in major capitalization projects.

Slover pointed to a speech Hahn recently delivered before the Georgia Forestry Association that outlined the executive's revulsion with the Administration's reform package. At the core of his address was the possibility that large timber growers—like Georgia Pacific who spent more than $700 million on capital projects last year—would be discouraged from investing in future capital programs if there were no supportive tax policies.

"Our nation certainly will not benefit by a return to policies of the past," Hahn told the Georgia foresters. "I know of no other industry where it is proposed that the carrying costs of capital assets cannot be expensed.

"The change is inequitable because of its uneven impact on one industry and it does not accurately reflect the long-term nature of the timber investment, which is ideally suited to a capital gains treatment."

Luke Popovich, of the American Forest Institute, an adjunct of the National Forest Products Association, argues that the forest industry is too capital intensive to return to unfavorable tax policies of yesteryear.

"Those two provision [investment tax credit and capital gains treatment for timber] were the biggest incentives to grow forests," Popovich said. "If they are removed, it's going to set the clock back to 1944. Before that time, we had a history in this country of cut and run foresters. There was no incentive to growing timber.

"But since 1944, with the enactment of these laws, we have practiced sustained yield foresting. It encourages reforestation.

"If the President's plan passes, a typical landowner is going to look at the investment of a $150 acre of timberland and ask himself, 'why invest that kind of money for 40 or 50 years when you can probably put it in some other low risk investment and get a better rate of return in shorter period of time?'"

Neil Wissing, vice president of taxes for Weyerhaeuser, said the American forest industry has been shackled by uncontrollable economic factors for more than a decade and would be crippled by the proposed tax reforms.

"The business is not a roaring success," he said. "Everybody in the forest products industry is hurting and we have been trying to work our way out of it.

"What the tax reform does essentially is discourages reforestation," Wissing said. "It reduces the return of investment significantly and so the price of lumber will not adjust quickly enough, therefore the rate of return on forest investments will not rise and what that means is that marginal lands will go out of production.

"Less wood will be bought off of each acre that is harvested and the management will be much less intense, all of which forebodes a major timber shortage somewhere downstream."

Harry Horrocks, director of governmental affairs for the National Lumber and Building Materials Dealers Association, also expects lumber shortages. He said that increases in the price of lumber during a time of shortage might mean a decline in housing starts, which in turn could lead the economy into a recession.

"Home construction is this nation's bread and butter," Horrocks said, "and if anything happens to reduce lumber supply, its going to have a trickle down effect on housing, which means, of course, retailers will have to pay more and do-it-yourselfers will pay more for the wood they use."

Estimates from the National Association of Home Builders forecast a decline of 400,000 housing units if the Reagan tax plan sails through Congress. The NAHB, which is expected to announce a more detailed reaction to the tax plan in the near future, said at least 125,000 single family homes would not be constructed in a post-Reagan tax plan environment.

But despite the industry's gloomy prognosis, many are confident that the tax plan is destined to be revised before Congress approves it.

"I think that bill will see a lot of adjustments before it becomes law," said Wissing, the Weyerhaeuser tax expert. "We have a lot of support, especially by Senator (Bob) Packwood (R-Ore., who chairs the powerful finance committee) and he understands the economics of timber.

"But we have other supporters in Congress, too. Afterall, trees grow in every state except Kansas and Nebraska."

FUTURES

Two weeks ended June 20, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	152.00	141.20	146.80	151.40	2,964	230.50	129.30
Sept.	154.50	145.40	148.20	154.20	3,260	197.50	135.30
Nov.	155.20	148.50	151.40	155.50	2,290	186.10	137.80
Jan. '86	160.00	155.80	157.50	160.20	662	187.30	144.60
March	166.40	162.70	164.30	165.90	319	188.20	149.00
May	171.20	167.00	170.00	170.10	177	176.40	153.00
July	178.90	172.50	176.30	179.00	40	183.40	172.50

Total Contract Vol. (Through 6/20): 26,322 — **Previous Two Weeks: 22,464**
Total Open Interest (As of 6/20): 9,712 — **Previous Week: 10,578**
Cash Price: $152.88 — **Previous Week: $160.72** — **Year Ago: $135.24**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, June 20.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

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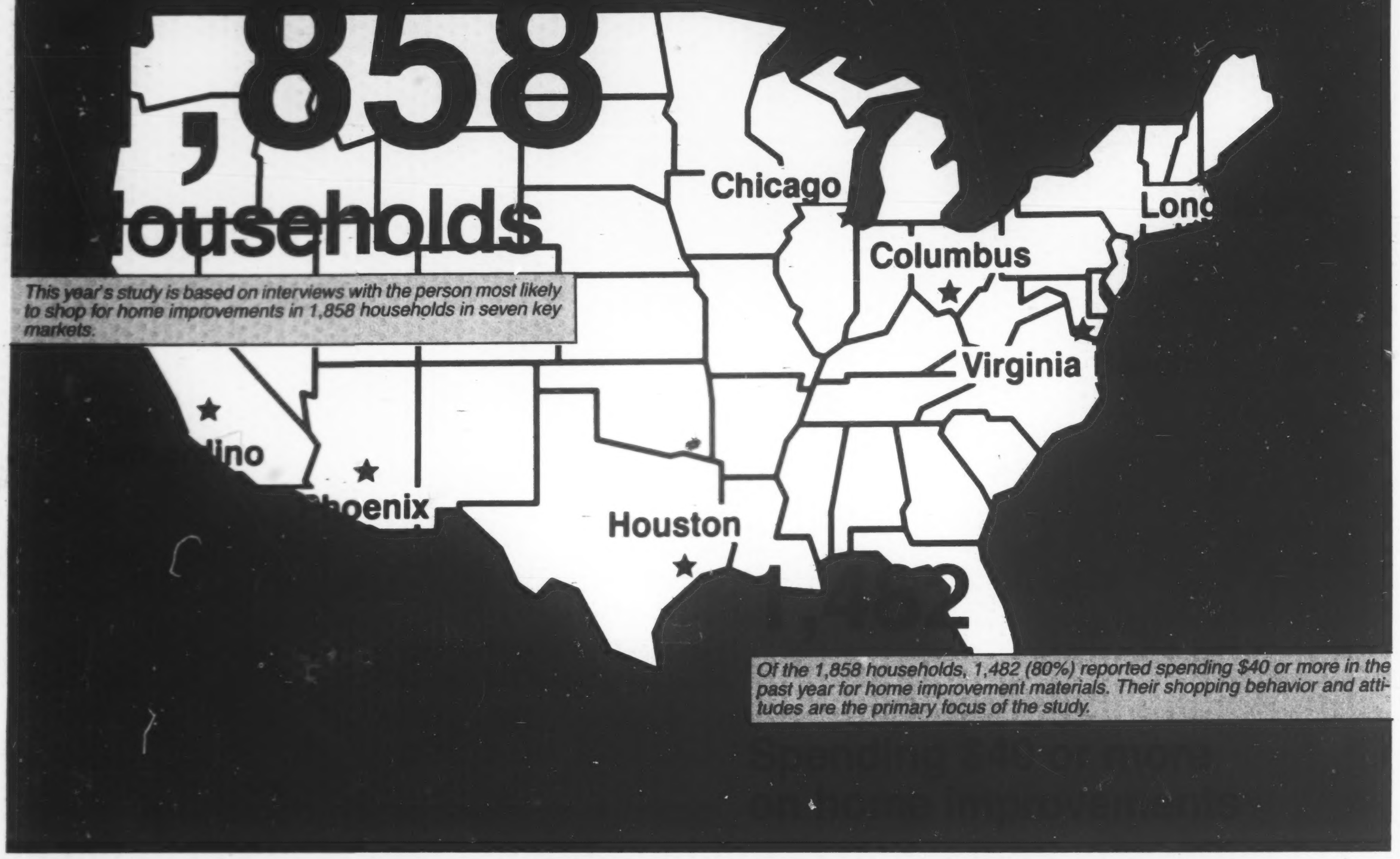
NHCN's 1985 Consumer Attitude Survey

ATTRACTING THE DIY CONSUMER


,858
ouseholds$
This year's study is based on interviews with the person most likely to shop for home improvements in 1,858 households in seven key markets.
Chicago
Columbus
Long
Virginia
lino
hoenix
Houston
Of the 1,858 households, 1,482 (80%) reported spending $40 or more in the past year for home improvement materials. Their shopping behavior and attitudes are the primary focus of the study.

After 10 years, home centers come of age

NATIONAL REPORT — The home center is no longer a stranger on the retail shopping block, but has become a dominant force for consumers looking to buy products to improve their homes, a new national poll has reported.

The study, which profiled seven major metropolitan markets across the United States, found that a majority of consumers, 84%, shop home centers for home improvement products more frequently than they do other competing retailers.

The survey, however, also identified several areas of shopper discontent with home centers and indicated that these shortcomings allow other retailers to siphon off customers.

The consumer poll was conducted for *National Home Center News* by Leo J. Shapiro & Associates of Chicago. The pollsters interviewed by phone 1,858 persons in seven, highly competitive home improvement markets. Of the respondents, 80% or 1,482 said they had spent more than $40 within the past year for home care merchandise. The seven selected markets were Chicago, San Bernardino, Long Island, Columbus, Virginia Beach, Houston and Pheonix.

"Clearly this shows that people know what a home center is," said one industry executive at an East Coast chain who requested anonymity. "It's becoming clearer to shoppers what is meant by a home center.

"After 10 years, the home center is finally coming of age. People didn't know what a home center was 10 years ago."

The executive's observation is borne out by the survey's finding that home centers have emerged as a dominant retailer for home improvement products. Of those respondents who said they had spent $40 or more on merchandise to improve their homes, more than 8 out of 10 have shopped at a home center in the past year. This is in sharp contrast to the home center's closest rival, Sears, where 4 out of 10 shoppers said they shopped for home improvement products.

Discount stores and specialty shops (paint and carpeting stores, for example) ranked lowest, with less than 1 out of 5 consumers generally indicating that they had shopped at those stores.

Hardware stores, running close behind Sears, were shopped at a third of the time by consumers who spent at least $40 to improve their homes.

When the shoppers were asked where did they shop most often for products to fix-up or remodel their homes, 6 out of 10 said they shopped at home centers. What's more, the survey reported that when those customers who generally shopped stores other than home centers were unable to stop at their first choice, 6 out of 10 would choose a home center as their second choice.

But 4 out of 10 shoppers responding to the same question indicated that the home center is not their first choice when shopping for home improvement products.

The poll revealed that home improvement shoppers appear to be a fickle lot, who actively make price comparisons and who tend to spread their money around, especially on big ticket projects.

One industry executive, who asked to remain nameless, said the finding that home centers are losing 4 out of 10 purchases to other retailers is a mixed signal. One one hand, the lost purchases represented a sizable customer base, he said, but he added that, in time, home centers will probably capture that segment.

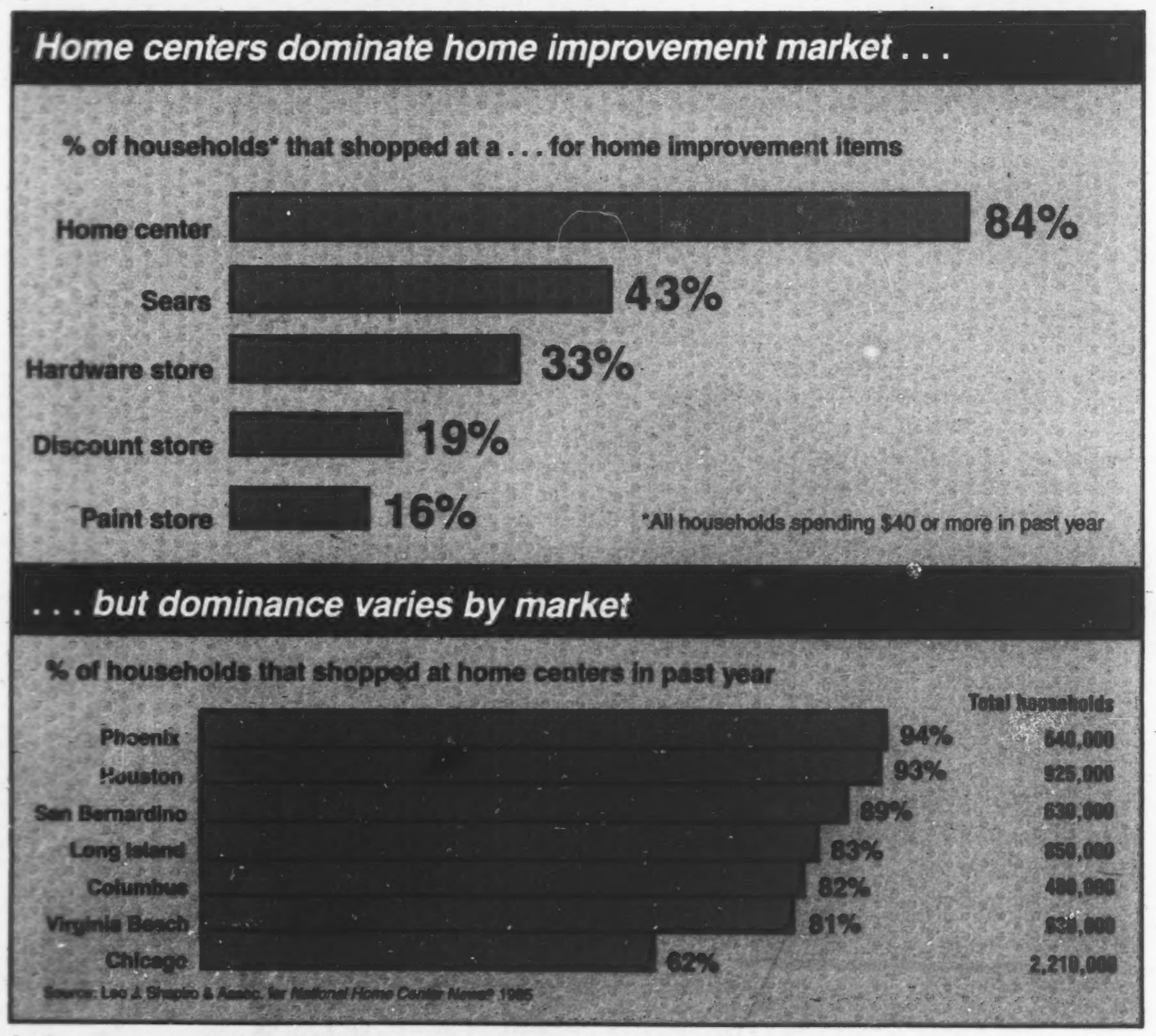
"I think it makes sense that people shop around," the executive said, "but I don't think it means that they are not going to home centers.

"If somebody decides to add on a kitchen, and we're talking plumbing, probably some paneling, tiling and so forth, then they are going to shop around at a number of places.

"I don't think that 4 out of 10 ratio holds up, but if it's true, I really don't think we have anything to worry about in terms of our longevity."

Among the seven markets studied, the poll revealed wide variances in consumer patronage at home centers. In Phoenix—where several home center chains are engaged in a tight

(Continued on page 20)



In the seven markets studied, twice as many households shop at home centers than Sears for home improvement supplies and the ratio widens for hardware stores, discount stores and specialty retailers. But home centers' dominance varies widely among the seven markets surveyed.

After 10 years, home centers come of age

(Continued from page 19)

battle for market share—9 out of 10 shoppers said they buy at home centers. But in Chicago, another head-to-head competitive market, 6 out of 10 shoppers said they had gone to a home center within the past year.

The study suggested that one reason for the differences in shopper loyalty may derive from a number of defects that plague the industry and which make certain markets vulnerable for penetration by other retailers, including other invading home centers.

For example, the pollsters learned that Sears, hardware stores and discount chains maintained their share of the home improvement market in different ways, including offering convenience and help (hardware stores); product quality, reliability and credit (Sears), and low prices (discounters). These are areas where home centers are sometimes deficient, the report suggests.

Those same defects similarly haunt home center competitors and led to one of the study's more intriguing conclusions that most home improvement shoppers do not believe that the store in which they shop at the most is the best in town.

"In effect, the primary supplier [the store shopped most often] is seen as a compromise," the study reported.

Even for those customers who believe their habitual home improvement store is the best in town—about 1 in 4 the shoppers are conscious of retail deficiencies and are apt to shop elsewhere. The ratio is equally true for shoppers who buy most of their home improvement goods at Sears, hardware stores and specialty shops.

Discount stores in particular scored low marks by shoppers with only 1 out of 10 indicating that they felt they are buying from the best store in town.

The restlessness that characterizes home improvement shoppers helps to explain another finding in the survey: that a majority of the shoppers are aware of new home improvement stores moving into their cities or remodeling. Overall, 71% of the respondents said they knew when a new store was coming to town. In Virginia Beach, that percentage was 91%.

On a product category-by-product category basis, home centers dominate except in specialty areas like wallcoverings and in hand and power tools where Sears remains the clear choice.

"There's a perception that Sears is this American institution," said Ray Cooney, vice chairman of Scotty's in Winter Haven, Fla. "I mean, let's face it, they've done their job. Chances are your father and your father's father have shopped at Sears.

"They've introduced some innovative retail ideas, like credit cards.

"But the home center industry is coming of age in many ways and in some areas I think we have caught up with Sears. In the future, you'll see the younger generation coming to home centers, spreading those dollars around."

Regional differences

Cliff Oxford, senior vice president, corporate communications, of Lowe's, North Wilkesboro, N.C., said many of the findings in the survey did not reflect Lowe's position since "we cater to smalltown America and the survey looked at big city markets." But he acknowledged that the grip hardware stores have in the industry as the place for convenience and help is an important consideration.

"We are in a new industry," Oxford said, "The home center is just 10 years old and 75% of [hardware stores] are Mom and Pop operators. They've been around for 40 years or more and know everything about a plumbing elbow to repairing a lawn mower.

"Customers know these people and feel comfortable with them.

"But the industry is fragmented so that home centers will remain viable. People said a few years ago that convenient food markets would never work. Well 7-Eleven is going strong and did not put the grocery store out of business and the supermarket has not put 7-Eleven out of business either."

The explanation

What the study shows, according to the pollsters, is that, even in the highly developed markets, other retailers are able to hold their own against the home centers. In a highly competitive market, a hardware store or a Sears can withstand the home center and get a pretty good following.

Home centers were store of choice in nine product categories

"Where would you most likely buy . . . ?"*

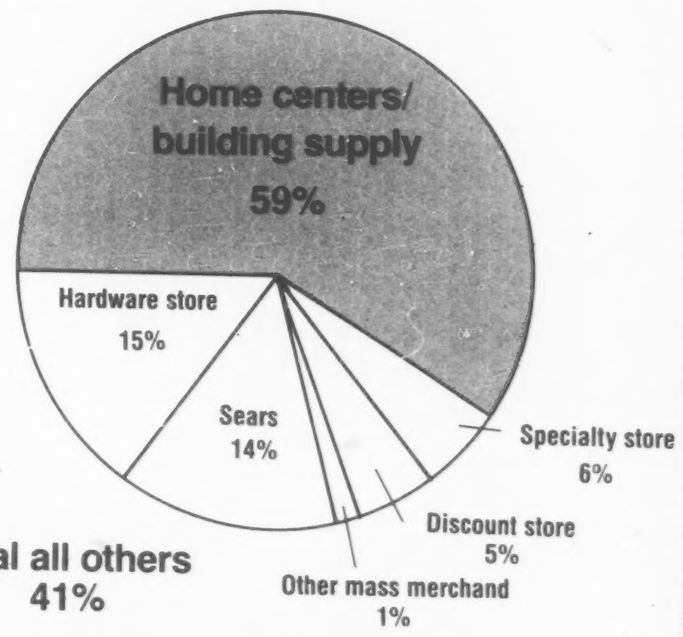
Product category	Home center	Hardware	Sears	Discount	Specialty store
Lumber or plywood	83%	4%	1%	1%	2%
Home insulation	59	5	8	1	7
Doors or windows	54	5	18	1	12
Bathroom sink/vanity	52	5	14	1	13
Plumbing pipe/faucets	51	13	7	2	15
Electrical wire/switches	48	13	7	3	13
Indoor/outdoor lighting	44	8	12	4	15
Lock sets	41	20	13	7	11
Garden tools	36	15	18	12	11
Hand tools	28	16	38	7	7
Portable power tools	26	10	44	6	7
Wall or house paint	24	6	25	5	33
Wallpaper	18	2	6	3	47

*Avg. % for seven markets
Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

The dominance of home centers is reflected in the fact that large proportions of consumers see the home center as the place to buy a variety of home improvement product categories.

Home centers were primary source for only 6 of 10 purchasers

"What store did you shop at most often for home improvement items in the past year?"



*Asked of all households spending $40 or more in past year
Source: Leo J. Shapiro & Assoc. for National Home Center News ©1985

"Why did you shop at a home center?"

Factor that influenced choice of store	% of shoppers who chose a home center
Location	50.1%
Prices	44.8
Product variety	43.7
Helpful, knowledgeable staff	10.8
Product quality	8.3
Good sales, promotions	7.6
Fast service	3.9
Know people there	2.3
Shopped there for years	2.0
Credit/charge card	1.9
Store is large	1.9
Well stocked	1.8
Carries name brands	1.7
Gets discounts	1.7
Variety within category	1.6
Easy to find things	1.1
Convenient hours	1.1

Despite home centers' dominance, competitive retailers have had considerable success maintaining a market position. Location, price and completeness are dominant factors that influence choice of a home improvement store.

DIYers play the field: various factors lure fickle home improver

NATIONAL REPORT — Restless in a shopping environment where a variety of stores offer home improvement products, do-it-yourselfers will often bypass the stores they shop most frequently, in favor of competing outlets.

Consumers participating in a survey conducted for *NHCN* by Leo J. Shapiro & Assoc., Chicago, cited better credit policies, lower prices, product quality and location as some of the characteristics that lure them from their most commonly shopped stores when they purchase home improvement items.

Responding to these and other attractions such as product variety, fast and knowledgeable service, and special sales promotions, consumers play the field not only within the arena of home centers but also within the larger retail world of hardware, specialty and department stores.

The phenomenon of the fickle shopper seems to be the most visible element of a deeper issue. Do-it-yourselfers participating in the survey exhibited less than complete satisfaction with the quality of the store they shopped at most often.

Of those respondents who shopped most often at a home center, only 22% said the store represented, to their way of thinking, "the best store in town." Thus, when a competing store offers a characteristic perceived as helpful for a particular type of product desired—a liberal credit policy for the purchase of kitchen cabinets for example—the consumer is easily lured away.

The survey, which tabulated responses only from consumers who spent more than $40 last year on home improvement projects, showed that the cost to home centers for customer fickleness can be considerable.

Those consumers who cited a home center as the store at which they shopped most often, spent an average of $2,152 last year on home improvement merchandise. But of that amount, only $773, or some 36%, of the expenditures were made at the home center cited as the one shopped most often. The remainder of the expenditures were made at other home centers, or at hardware stores, discount stores, Sears or other mass merchandisers, or specialty stores.

Furthermore, only 59% of survey participants said that a home center was their most-shopped store when it came to home improvement items. Of the other participants, some 15% cited a hardware store, 14% cited Sears, and the remainder named specialty stores, discount outlets or mass merchandisers.

Consumers who shopped

(Continued on page 24)

Why DIYers play the field

"How would you rate the store you shopped at most often compared to others in town?"

All customers	Best in town?* Yes 23%	No 77%
Of customers who shop most often at . . . Home Centers	22	78
Hardware stores	26	74
Sears	27	73
Specialty stores	23	77
Discount stores	10	90

*Customers were asked to rate the store they shop at most often on a scale of 1-9, which 9 equaling the best.
"Yes" answers are per cent of shoppers who rated the store they shop at most often as a nine.
Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

Competition for the sale of home improvement supplies and materials is driven by a feeling on the part of consumers that even the store they shop at most often is not the best store in the market at which to buy home improvement products.

Various factors lure fickle DIY consumers

(Continued from page 20)

most often at stores other than home centers for their home improvement products cited reasons that provide home centers with insight into how the competition is playing off their weaknesses.

Hardware stores were clearly favored because of their convenient location and availability of salesmen. Of those who cited hardware stores as their most commonly shopped outlets, some 65% cited location as the primary reason. Of consumers who shopped most often at home centers, only 50% cited that characteristic as the main reason.

The availability of salesmen was cited as the most important attraction by 21% of those who shopped most often at a hardware store, compared with 11% of those who shopped most often at a home center. Knowledge of the salesmen on a personal basis was also a clear advantage at hardware stores. Some 11% of consumers who shopped most often at a hardware store did so primarily for the salesmen they knew there; the comparable figure for home centers was only 2%.

Sears has attracted its shoppers for other reasons. Of those who said they shop most often at a Sears, some 29% cited product guarantees as the most important attraction, while 27% cited product quality and 16% cited credit availability. For those shopping most often at a home center, the comparable figures were 2%, 8% and 2%.

Finally, K mart clearly attracted its most frequent shoppers by price. Some 59% of those buying home improvement items most often at K mart cited price as the main reason; only 45% of those shopping most often at a home center cited that reason.

Despite the niches that alternative retailers have managed to carve out for themselves, participants in the survey exhibited a regard for the home centers in their markets. Even a majority of those who shop most frequently at a store other than a home center, named a home center as at least their second choice.

For example, of the 15% of consumers who shop most often at a hardware store, some 53% named a home center as their second choice. Home centers were also named as second choices by 63% of those who shop most often at Sears, 57% of those who shop most often at discount stores, and 66% of those who shop most often at other home centers.

Home center is No. 1 alternative

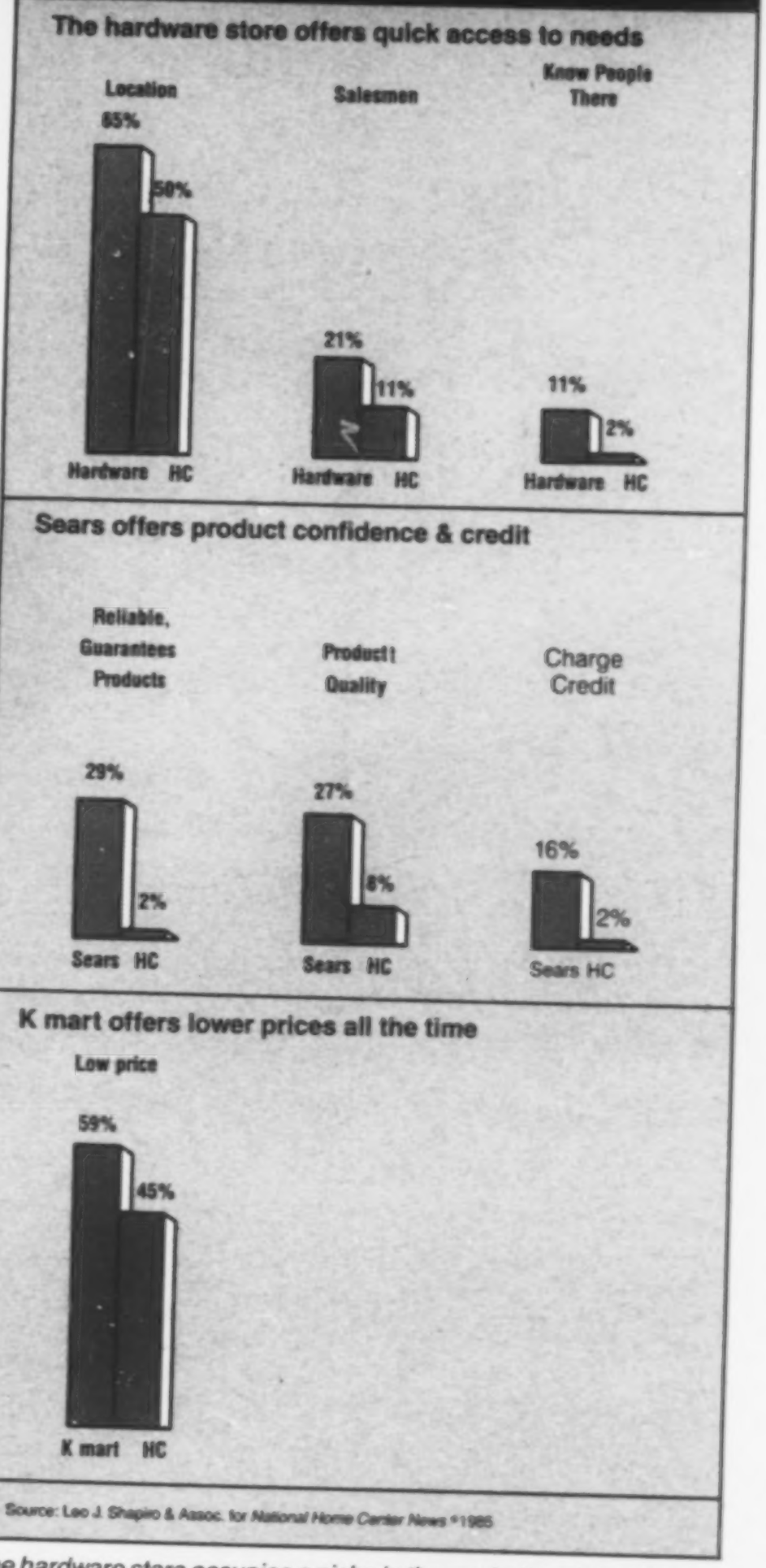
"If you went to another store than the one shopped most often, which would it be?"

	Home center	Hardware	Sears	Discount store	Specialty store
All customers	59%	10%	8%	5%	4%
Home center customers	62	8	8	6	3
Hardware customers	53	16	14	4	5
Sears customers	63	10	—	4	5
Discounter customers	57	5	9	11	5

Source: Leo J. Shapiro & Assoc. for *National Home Center News* • 1985

While only 59% shop most at a home center, 62% say they would go to a home center (or to another home center) as an alternative to the store they shop most.

How competitors live off weaknesses of home centers



The hardware store occupies a niche in the market by virtue of location and personnel, while Sears holds its place through product quality and its credit card. K mart competes on price.

Locations, prices, variety draw shoppers to home center stores

NATIONAL REPORT — Whether by chance or design, home centers have carved niches for themselves by presenting qualities that lure restless consumers.

In a survey conducted for *National Home Center News* by Leo J. Shapiro & Assoc., Chicago, consumers who spent over $40 on home improvement projects last year, and who indicated that the store they shopped most often for such merchandise was a home center, were asked why they selected that store.

Nationally, virtually half said location was one of the main reasons they shopped at the store. More than 2 out of 5 participants also said that prices, or a wide variety of products on the shelves, were also primary attractants.

Participants were also drawn to their favorite home centers for other reasons that were cited far less often. For example, 11% of shoppers participating in the survey said that a knowledgeable, helpful store staff was one reason they were drawn to the store they shopped most often. Fewer than 1 in 10 of participants cited either good sales promotions, or product quality, as determining factors in their decisions.

About 1 of every 20 participants cited fast service as a drawing card. A few of the consumers mentioned the availability of a credit program, or the fact that they knew the store operators for years.

Consumers in the Sunbelt seemed to feel that store location was the most important factor in their decisions concerning what stores to shop. This factor was cited as the No. 1 attraction by those in Houston, Phoenix and San Bernardino, Calif.

On the other hand, participants in Columbus, Ohio, and Chicago said that prices were the most important reason for selecting their favorite store.

On Long Island and in Chicago, product variety was the second most often cited attraction to participants' favorite stores, while store location came in third. This may reflect the fact that many of the participants were loyal to older stores in what is essentially a mature market, and shopped such stores without regard to their location.

In Virginia Beach, Va., merchandise variety was cited as

(Continued on page 52)

How home centers make a statement in certain areas

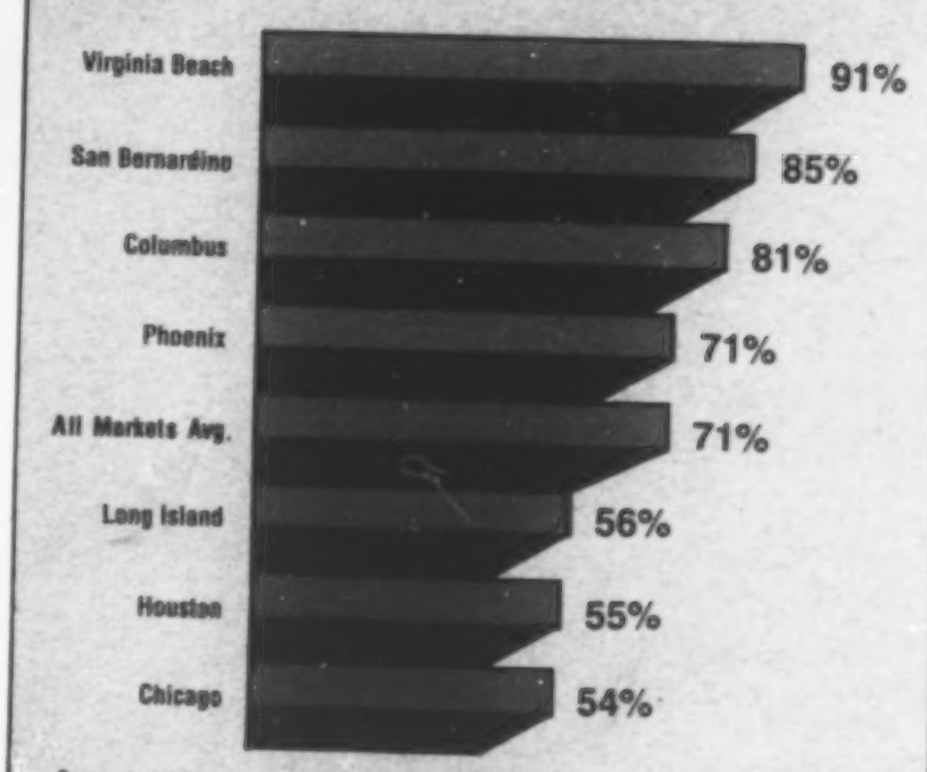
Chain	Market	Location	Low price	Variety	Sales staff	Product quality	Sales promo	Service	Credit	Easy to shop	Good hours
Angel	Phoenix	■									
Central	Columbus		■					■	■		
Furrow	Columbus & Houston		■		■	■					
Handy Dan	Houston	■						■			■
Hechinger	Virginia Beach			■	■		■			■	
Home Depot	Phoenix		■	■			■				
Mr. HOW	Virginia Beach & Columbus		■	■	■			■			
Ole's	San Bernardino	■					■				
O'Malleys	Phoenix	■			■	■			■		

Shaded areas indicated where store was recognized by shoppers as being superior relative to other home center stores in that market.

Source: Leo J. Shapiro & Assoc. for *National Home Center News*® 1985

The way home centers position themselves in a market is dependent on just four or fewer areas, ranging from Angel's where store locations give it a competitive edge, to O'Malleys, Hechinger and Mr. HOW, each of which offer a combination of strengths. All these chains may have generated high response rates for other features, but only those where the chain had superiority are highlighted here.

Home centers on the move


"% who've noticed new home centers in . . ."
Virginia Beach 91%
San Bernardino 85%
Columbus 81%
Phoenix 71%
All Markets Avg. 71%
Long Island 56%
Houston 55%
Chicago 54%
Source: Leo J. Shapiro & Assoc. for National Home Center News® 1985

Change in home improvement marketing makes the consumers sensitive to alternative retail offerings and encourages comparison. A large majority of consumers—particularly those in Virginia Beach—say they are aware of new or remodeled home centers in their markets.

DIYers comb ads of home improvement stores

NATIONAL REPORT — The consumer's appetite for home improvement ads is so strong that a recent study revealed that 8 out of 10 people spent time reading the ads, in fact, spending a mean average of seven minutes.

These findings are part of a research report prepared for *National Home Center News* by Leo J. Shapiro & Assoc., Chicago.

The report surveyed 1,848 people in seven key retail markets—Houston, Chicago, Phoenix, San Bernardino/Riverside, Calif., Columbus, Ohio, Virginia Beach, Va., and Long Island, N.Y. It attempted to gain insight into the customers residing in these competitive markets.

The survey revealed that the consumers in these seven markets like to see home improvement ads often, in multiple pages and in print form to provide them with sales and price comparison information.

"Consumers are alert to advertising because they are not connected to the best store in town," the survey noted. Home center customers are not loyal to the retail establishments in their communities and comb the ads often and deliberately for sales and product information to help them make their buying decisions. Typically, they are comparison shoppers who want a steady flow of information, presented completely, the study concluded.

The trends revealed in the survey were generally well received by advertising directors of six home center companies interviewed for this story: Builders Square, Scotty's, O'Malleys, Fagen's, Star Lumber and Lowe's, although all commented that they were surprised consumers reported spending so much time reading their ads.

"It seems like a lot, like a long time," commented Bob Fant, advertising and public relations director at Scotty's. "But it's great."

Fant also asserted that the overall results of the survey "could be extrapolated nationwide."

Jud Walford, executive vp at Builders Square, said although he "can't say if they [the results] relate to other markets [it does have] broad implications."

The survey, which was conducted in March, revealed that consumers spent a mean 6.9 minutes reading home improvement ads the week before they were polled. Residents of Virginia Beach spent the most time reading ads, 9.6 minutes. Residents of Columbus and Chicago spent the least amount of time, six minutes.

Virginia Beach residents also are the most demanding for information. Fifty-seven per cent of those polled said they want to see home improvement ads once a week, compared to the cumulative average of the seven cities which resulted in 53% of the people wanting to see the ads weekly.

Only 47.8% of the people in Houston reported wanting to read the ads once a week. A large percentage of them, 20.3%, said they only want to read the ads once a month.

The survey revealed, however, that 2 out of 3 people want to see the ads weekly and that less than 5% are satisfied with seeing ads less than once monthly.

The main benefit of reading the ads was heavily weighted on sales and price: 52% said they want to see what's on sale and get the actual sale price and 29% responded that price comparisons and considerations are important. Another 22% said product information is important to them.

"People want to see what you've got and how much it costs. It's price, price, price, then selection," said Perry Steinhoff, advertising manager at O'Malleys of Phoenix.

And, it is in Phoenix where residents are most motivated to read ads for sales information, 43.9%, according to the survey.

But is is in Columbus and Virginia Beach where 9 out of 10 responsents noted they are most driven by sales and price.

Consumers responding to this survey reported that a four-page ad most helps them make their purchase decisions. The retailers commented that the number of preferred pages is not the important fact here. What's important, they say, is that consumers want multiple pages of ads.

"We're convinced people want to see what you have and what you charge for it," said Fant of Scotty's. The Florida chain distributes a 48-page catalog once a month in addition to its weekly ROP ads "because we feel our customers want to see the broad expanse of our merchandise."

According to the survey, "seeing" the ads in print is preferred by 9 out of 10 of the respondents, and coincides to where retailers spend the bulk of their advertising dollars.

Most, about 55%, report preferring newspaper advertising to those ads sent through the mail directly to their homes. But mail ads are preferred by about a third of the respondents, another surprise for the home center retailers.

Dave Gregory, advertising and public relations manager for Star Lumber of Wichita, Kan., said he always thought people "hated junk mail." Star Lumber, however, started mailing circulars directly to homes this year to help them "get to the nonsubscribers," he said.

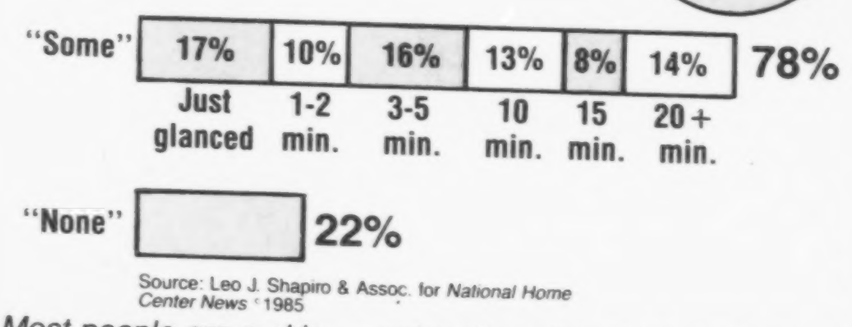
In addition, respondents in San Bernardino said they, too, prefer getting their ads through the mail, mostly because they may not read the newspaper.

Although Americans are in love with the television for most every kind of entertainment, news and advertisements, they don't find home improvement ads helpful to them on TV. Only a third of the respondents reported feeling there is a benefit at all to home improvement ads appearing on TV.

DIYers depend heavily on advertising

Amount of time spent looking at home improvement ads during the past week

6.9 min. mean reading time



Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

Most people are making a point of reading advertising from home improvement retailers. In the week prior to the survey, nearly 8 out of 10 did so, spending a mean reading time of nearly seven minutes.

If Koppers wood protection experts had been on hand then, would the Trojan Horse still be around now?

That would have been a pretty tall order, even for a company that claims to be "The Wood Protection Experts." But Koppers has earned the claim by:

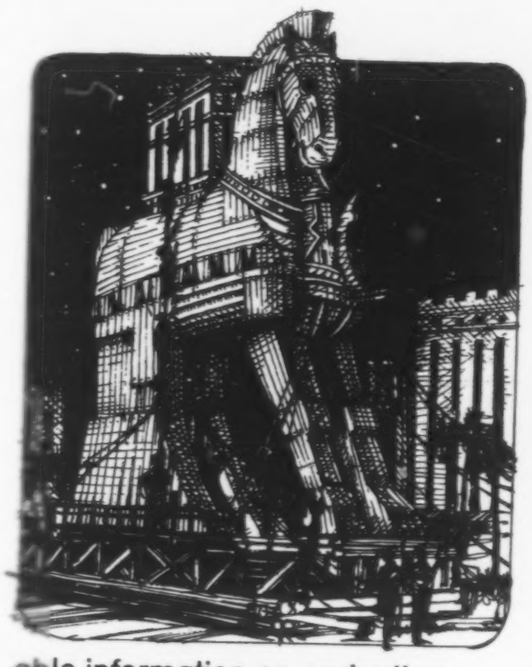
- Accumulating 50 years of experience in protecting wood on five continents, under diverse climatic conditions, in a wide variety of applications.
- Developing and utilizing the world's best known and most widely used process for pressure-treating lumber.
- Maintaining and operating one of the largest wood protection research facilities in the industry.
- Providing builders of commercial, industrial, institutional and residential structures with a new line of water repellent, stains and such timely products as penta-free wood preservatives and fire retardant treated wood.

Koppers has also been a leader in the marketing of treated wood:

- Pioneering the promotion of pressure-treated wood to home handymen.
- Becoming the first company to put its brand name on the first labels ever attached to treated wood, then guaranteeing that wood against damage from termite attack and decay for 30 years. In writing . . .

While Koppers experience stretches back a long way, we did not exist during the heyday of Troy. Still, we immodestly believe that if Koppers had been around when the Greek masterbuilders were taking on their historic outdoor building project, they would have undoubtedly called on The Wood Protection Experts to help maintain their monument to ingenuity.

After all, professional builders and do-it-yourselfers of today call on Koppers when they want reliable information on protecting wood. So do the editors of the magazines they read. And the writers of newspaper columns and home handyman books. And researchers in forestry and preservation chemistry from some of the world's leading universities. Even the EPA and other government agencies have asked us for test reports and informed judgements.



Now it's time we got down off our high horse and told you just how Koppers came to develop a complete new line of Wolman® Wood Protection Products for surface treatment of pressure-treated and non-pressure-treated wood.

Since the early seventies Koppers personnel have conducted dealer training seminars and deck clinics from coast to coast. Audiences were told they didn't have to paint or stain or spread water repellents on their Wolmanized® pressure-treated decks, fences and outdoor furniture.

However, many people wanted to color the wood to complement their home. Or they wanted extra protection against moisture.

Or, if they had redwood or cedar siding or a project built of non-pressure-treated lumber, they wanted stains and water repellent and wood preservative products of the same high quality they associated with Wolmanized® wood.

Today, Koppers is making surface preservatives and coatings that quality-conscious customers have requested. They aren't cheap products, but they are the best.

The market for building materials and their surface treatments is growing – both among professionals and do-it-yourselfers. Users are becoming more knowledgeable and demanding better product performance.

Koppers strategy is to expand its involvement in the building materials field, and to do so by supplying additional wood protection products through quality-minded distributors and dealers.

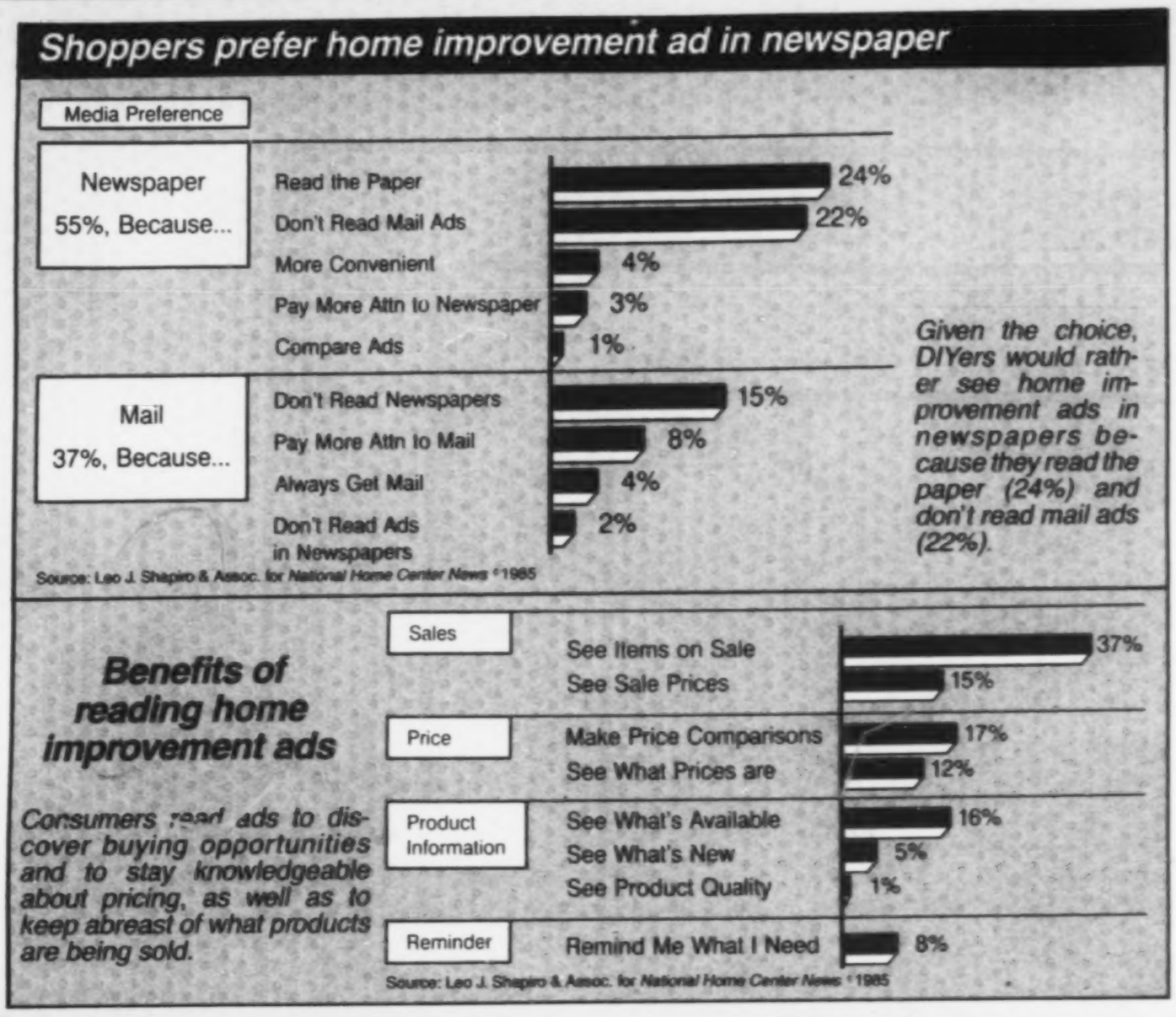
As Wayne Simkins, Manager – Wolman Wood Protection Products, puts it: "When we call Koppers 'The Wood Protection Experts,' it's more than just a slogan. It's our company's whole marketing philosophy. We have made a pledge: There will be no better product in the marketplace."

But could The Wood Protection Experts have helped the Greeks preserve their Trojan horse for ages to come?

"Not only could we have preserved its structural integrity," says Simkins, "but we could have created it in any one of 21 long-lasting colors."

Wolman
Wood Protection Product

The Wood Protection Experts


Shoppers prefer home improvement ad in newspaper
Media Preference
Newspaper 55%, Because...
Read the Paper 24%
Don't Read Mail Ads 22%
More Convenient 4%
Pay More Attn to Newspaper 3%
Compare Ads 1%
Mail 37%, Because...
Don't Read Newspapers 15%
Pay More Attn to Mail 8%
Always Get Mail 4%
Don't Read Ads in Newspapers 2%
Source: Leo J. Shapiro & Assoc. for National Home Center News ©1985
Given the choice, DIYers would rather see home improvement ads in newspapers because they read the paper (24%) and don't read mail ads (22%).
Benefits of reading home improvement ads
Consumers read ads to discover buying opportunities and to stay knowledgeable about pricing, as well as to keep abreast of what products are being sold.
Sales
See Items on Sale 37%
See Sale Prices 15%
Price
Make Price Comparisons 17%
See What Prices are 12%
Product Information
See What's Available 16%
See What's New 5%
See Product Quality 1%
Reminder
Remind Me What I Need 8%
Source: Leo J. Shapiro & Assoc. for National Home Center News ©1985

Polled DIYers prefer ads in the newspaper over any other media

NATIONAL REPORT — Newspaper advertisements are the most effective medium for reaching the DIYer, consumers revealed in a recent survey conducted for *National Home Center News* by Leo J. Shapiro & Assoc., Chicago.

When asked, "Should this [ad] information be put in the newspaper or should the store mail it to you?" about 55% of the respondents in seven key home center markets said newspaper is their preferred medium.

Advertisements delivered through the mail were preferred by about one-third of those surveyed.

Television advertising was also the choice of about one-third of those polled.

The Newspaper Advertising Bureau reported that $600 million was spent on newspaper ads for building materials, hardware and farm equipment last year, a 5.6% increase over 1983. This year, the NAB is expecting a 9% increase for all segments of retailing including this category.

Although seven retailers interviewed for this story agree that newspaper is the dominant advertising medium in the industry—with most saying it is the focus of their ad budgets—none of them rely entirely on it to satisfy their advertising objectives. In fact, many retailers reported that their ad budgets vary by market and can change often, sometimes every month.

"How you get into the home is not as important as getting it there," asserted Bob Fant, advertising and public relations director at Scotty's, the 114-unit retailer based in Winter Haven, Fla.

"Keeping your name in front of the consumer" is what's important, added Jack Fagen, president of Fagen's a 14-unit retailer located in Verona, Pa.

Most of the seven retailers noted that their ad budgets are divided into two major categories, print and broadcast. Specific classifications fall under one of the two groups.

According to the *NHCN*-Shapiro survey, 9 out of 10 said they prefer print advertising to broadcast for home improvement products because they like to spend time reading over the ads and make products/price comparisons with other retailers.

Although newspaper was the preferred medium, the retailers noted that the acceptance level for direct mail advertising was surprisingly high, and a welcomed piece of information because they are beginning to use more of that method than ever before.

Respondents in San Bernardino/Riverside were most in favor of direct mail advertising. In the other six cities, acceptance for direct mail ads was about one-third. Chicago residents were the least enthusiastic.

Residents of Virginia Beach overwhelmingly prefer newspaper ads to direct mail ads.

San Bernardino residents, however, said they prefer mail ads because they either don't read or get the newspaper.

"We knew we had to get to the nonsubscriber," declared Dave Gregory, advertising/public relations manager for the three-unit Star Lumber of Wichita, Kan.

He said he increased his mail circular count to 26 this year from "zero" last year. Gregory's entire ad budget was increased 50% this year and "almost all of it went into print and most of that went into an extra number of circulars," he said.

Fagen said 70% of his company's ad budget is reserved for direct mail ads because "it is the most cost efficient and enables you to zero in on a market area that you can best serve."

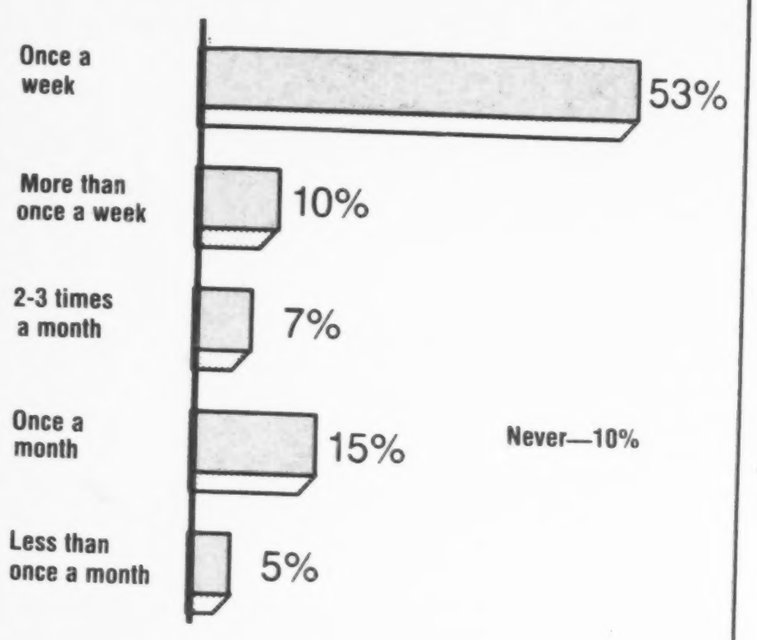
Perry Steinhoff, advertising manager for O'Malleys, the 13-unit company based in Phoenix, noted that 90% of his ad budget is earmarked for print with a portion of that going to direct mail. He said he has been using direct mail circulars in El Paso, Tex., with "unbelievable success." The large Hispanic population may not receive the paper, he said, "but they do get the mail."

DRUM UP MORE PROFITS!
Stock the Wolman® Wood Protection Products that come in a can and give all the wood you sell a fighting chance out there.
Now you can drum up more sales—and step up your profits—by selling and cross-selling your customers wood protection quality inside and out.
We're talking a complete line of Wolman® wood coatings—alkyd-based Wood Stains, penta-free Wood Preservatives and RainCoat™ Water Repellent—all from the same wood protection experts who developed Wolmanized® pressure-treated lumber.
A Name They Know And Trust
Your Wolmanized wood customers will like these products because they offer Wolman protection on top of Wolman protection.
Your untreated wood customers will know and trust the Wolman name when it comes time to choose the one wood stain, water repellent or wood preservative that will give their out-of-doors project a better-than-fighting chance against moisture and decay.
These Wolman surface treatments not only feature award-winning packaging designed to invite exciting cross-merchandising opportunities, they will be showcased in leading home do-it-yourselfer magazines and further promoted at regional and national trade shows.
More Selling Support Is Yours For The Asking
There's also a wide range of literature and point-of-purchase displays and shopper-stopping materials available to dealers who request them, plus "Fix-It" building aid slicks, radio scripts and billboard posters.
Wolman Wood Protection Products are available through distributors. For information and the name of your nearest distributor, contact Koppers Company, Inc., 1900 Koppers Building, Pittsburgh, PA 15219.
Wolman® Wood Protection Product
The Wood Protection Experts

NHCN's 1985 Consumer Attitude Survey

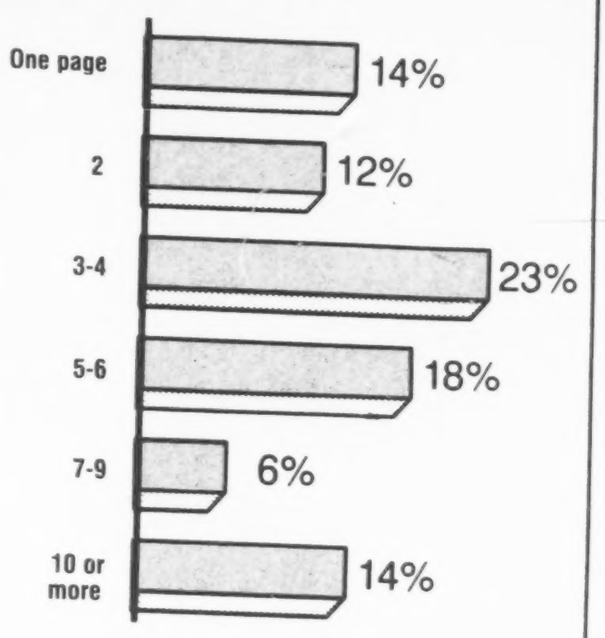
Gauging shoppers' appetite for home improvement ads

"How often consumers want to read home improvement ads"



Advertising is seen as a weekly requirement. Nearly 2 out of 3 consumers want to read home improvement advertising ads weekly. Only 5% are satisfied to read home improvement ads less than once a month.

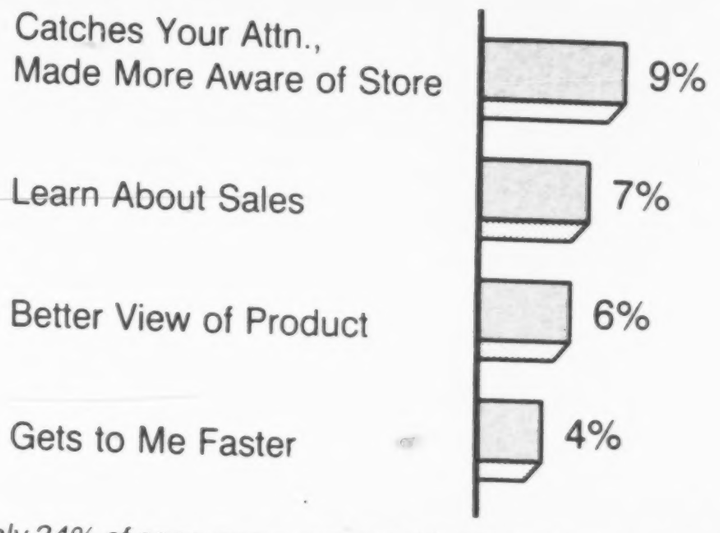
"Number of pages ad should be to be really helpful"



Most consumers do not feel a one-page ad is sufficient. The median number of pages desired for an ad to be really helpful is four pages.

The benefit of television

"If ad reached you on TV, what benefits would there be?"



Only 34% of consumers surveyed felt there is some benefit to home improvement advertising seen on television. This medium makes it possible to portray what home improvement stores are like and what products they sell.

TV not considered very helpful

NATIONAL REPORT — Television is not considered a helpful medium for home improvement advertising, according to consumer responses in a recent survey conducted for *National Home Center News* by Leo J. Shapiro & Assoc., Chicago.

Only 34% of the respondents in seven competitive home center markets said television ads were beneficial to them.

Respondents in Virginia Beach, Va., gave TV the highest benefit rating of all seven markets surveyed. Almost 40% saw a benefit compared to 30% in Chicago.

Residents of these markets said TV ads are beneficial to them because it catches their attention and makes them more aware of sales and stores.

According to the Television Bureau of Advertising, TV is being used by a growing number of home center retailers, mostly chains.

Joe DiRocco, vp-marketing and advertising for Orchard Supply Hardware, the 18-unit San Jose, Calif.-based retailer, said TV ads for home improvement products may have a low acceptance rate among consumers because "the medium hasn't been properly used. It's a pioneer market [but] it is becoming more sophisticated."

When used, TV "spots" are typically 30 seconds long. They are employed for grand openings, big sales and to highlight a particular company service, such as the credit card and a new or special department.

The target audience is male, between the ages of 25 and 50, most retailers reported.

Several retailers noted that the 30-second time spot is not long enough to make their pitch nor does it allow them to effectively present price, product and selection. "You're not going to get a stampede of people who have seen your ad," remarked Dave Gregory, advertising/public relations manager at Star Lumber, the three-unit retailer based in Wichita, Kan.

The barrier to greater use of TV, retailers report, is money. "If money were not unlimited, we'd use everything possible," declared Bob Fant, advertising and public relations director at Scotty's. "Television has its place in retailing, including home center retailing, but where money is not unlimited."

This sentiment was echoed, by several retailers, including Perry Steinhoff, advertising manager at O'Malleys, who said the Phoenix-based retailer doesn't do any TV advertising and hasn't done any since May 1982. "Within the framework of our budget we can't do an effective job on TV. We're trying to make our money go farther," he explained.

For companies like Lowe's, the industry's leader in total

(Continued on page 52)

We work hard to make your customers happy.

We make it easy for people to buy Clopay.
With high fashion packaging that communicates quality, features and benefits.
We make it easy for people to install Clopay.
With products and instructions that have been successfully pretested with consumers.

We make it easy for people to call us for assistance or information.
With a toll-free 800 number.
We make it easy for people to know about Clopay products.
With advertising in leading consumer magazines and on TV.
We work hard to make customers happy. Because happy customers mean repeat business for you.

Clopay
Install with confidence.
1-800-543-0307

NHCN's 1985 Consumer Attitude Survey

Exploiting the weaknesses of Sears

% rating Sears not best for . . .

MOST ATTRACTIVE OPPORTUNITIES for competition to exploit:	
Prices	71%
Choices of brands	61%
Sales/specials	54%
Merchandise depth	52%
Convenient to get to	52%

LEAST ATTRACTIVE OPPORTUNITIES for competition to exploit	
Returning/exchanging goods	29%
Quality merchandise	34%
Easy to shop there	41%

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

For Sears, return policy and product quality are not very often rated as less than the best in town. Sears is not vulnerable on these points. However, of consumers who rate Sears as the best home improvement store in town, 71% say it does not have the best prices and 61% say it does not have the best choice of brands. These are vulnerabilities open to competitive attack.

Exploiting the weaknesses of home centers

% rating home centers not best for . . .

MOST ATTRACTIVE OPPORTUNITIES for competition to exploit:	
Charge/credit accounts	57%
Choice of brands	47%
Sales/specials	45%
Prices	45%

LEAST ATTRACTIVE OPPORTUNITIES for competition to exploit:	
Easy to shop there	29%
Returning/exchanging goods	30%
Variety of merchandise	33%

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

Home centers are most vulnerable to competitors in the area of charge accounts and credit. They are also vulnerable to retailers who offer superior brand choice and promotions. A retailer who invests in store layout, an exchange policy and product variety is likely to have less success taking customers away from home center stores.

Weaknesses offer shot to capture market share

NATIONAL REPORT — Whether a consumer shops most often at a home center, a hardware store or a Sears, he tempers his enthusiasm about the store with reservations about the weaknesses his favorite outlet possesses.

These perceptions of weakness offer the home center chain contemplating invading a new market the opportunity to provide a service the competition lacks, in order to capture market share.

A survey conducted by Leo J. Shapiro & Assoc. for *National Home Center News* reveals the weaknesses consumers most often assign different categories of stores.

By far the most common shortfall of home centers was in the area of credit accounts. Some 57% of consumers who said a home center was the best store in town, also said the home center was not the best store for charge accounts. As a result, home centers contemplating moving into a market where other home centers are already established may find that an investment in a store credit program is the best way to compete.

Nearly 1 of every 2 consumers rating a home center as the best store in town also said that the store was not the best for brand choice, specials and prices. Investing in these areas may provide the best results.

As for consumers who said that hardware stores were the best stores in town, about two-thirds said that, again, the stores were not the best in the area of credit policies. Other opportunities for investment by home centers interested in invading a market where hardware stores are already established seem to lie in the areas of advertising, specials, prices and brand choice.

In the case of Sears, the areas of vulnerability are somewhat different. Clearly, Sears is seen as a high-priced source of merchandise. Of those consumers

(Continued on page 31)

Easy plumb,
We made Qest the easiest plumbing to use.
Approved for HOT & COLD Water use
E
Drop Ear Elbow
QCDE33F
ELBOW
WITH FASTENING TABS
INLET: ½" Female Pipe Thread
OUTLET: ⅝" Outside Diameter Tube Size (OD).
OR ½" Copper Tube Size (CTS)
Makes 90° ("L") Connection with ½" outside pipe thread and ⅝" OD plastic or copper pipe.
PRICE
QEST connects all plumbing pipes.
No special tools or glues needed.
Makes secure water-tight connections.
Instructions on back.
QEST SURE AND EASY PLUMBING

NHCN's 1985 Consumer Attitude Survey

Exploiting weaknesses of hardware stores

% rating hardware stores not best for . . .

MOST ATTRACTIVE OPPORTUNITIES for competition to exploit:	
Charge/credit account	73%
Advertising	68%
Sales/specials	68%
Prices	65%
Choice of brands	53%

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

Customers who rate a hardware store as the best store in the market overall, rate that store not best on specific attributes such as charges and credits, advertising of sales and specials and overall pricing. Hardware stores are vulnerable to competition in these areas.

Where consumers expect to see line extensions

If the store you shop most had an ad introducing a new department, what would it be?

NON-HOME IMPROVEMENT ITEMS	41% Net
Appliances	9%
Automotive	5%
Food	5%
Clothing	4%
Housewares	4%
Furniture	4%
Carpeting	3%
Patio furniture	2%

HOME IMPROVEMENT ITEMS	41% NET

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

Consumers can see the offering of their home improvement store extending to nonhome improvement items, most frequently to hard goods including appliances and automotive products. In short, many recognize that their home improvement store can be made more complete.

easy go.

Now we've made it the easiest to sell.*

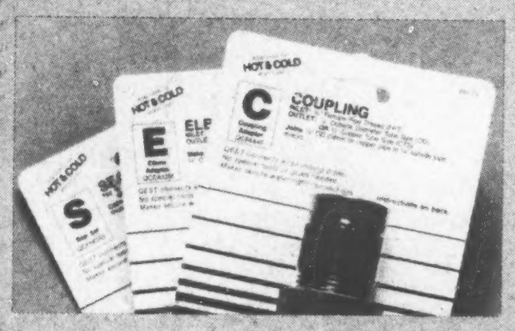
Qest is the undisputed leader in polybutylene plumbing. Proven by plumbers in millions of structures. And by DIYers in major home centers across the country. Now we're introducing a new merchandising program that makes selling Qest a cinch, too!

Packaged for success.

Let's start with our new skin-packed product cards. Bold. Eye-catching. Graphically uniform all the way down to a redesigned coil package that takes up far less space.

Simplified for easy stocking and selling.

For you: simplified inventory and stock control. With an easy-to-read product code printed on the front left-hand corner of every card, along with the Qest model number and part name.

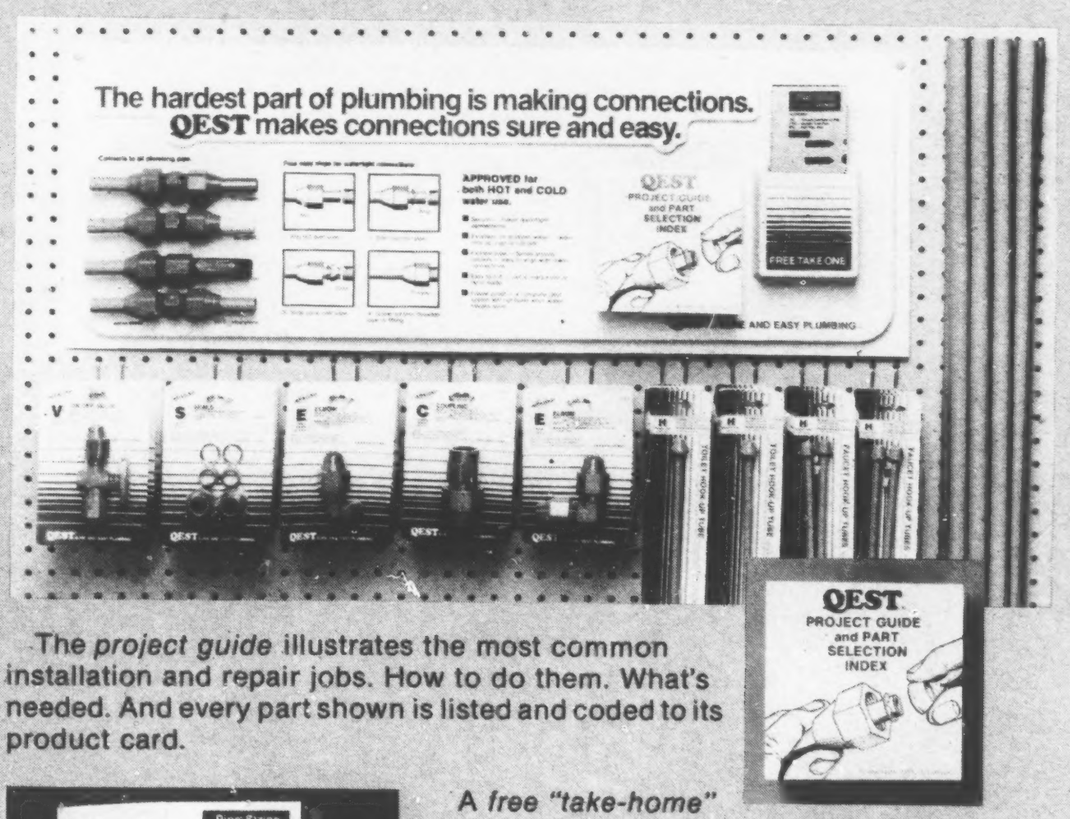


For your sales staff: a system that cuts down on the need for customer assistance. We've replaced plumbers' lingo with common terminology (a 'stop valve' is now an 'on/off valve'). And we've let customers know that all Qest products are approved for both hot and cold water use.

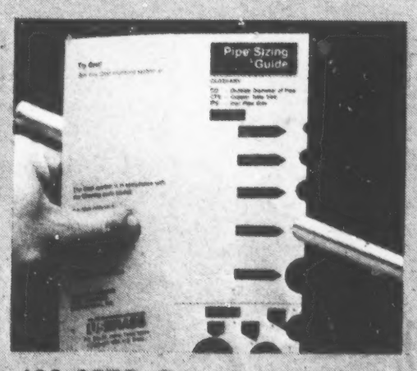
Answers customer questions.

Our merchandising display is designed to answer your customers' most-asked questions about plumbing.

The *header* clearly explains how easily Qest plumbing connects to CPVC, copper, iron and polybutylene pipe. Actual samples show how.



The *project guide* illustrates the most common installation and repair jobs. How to do them. What's needed. And every part shown is listed and coded to its product card.



A *free "take-home" Pipe Sizing Guide* is also included. It makes sure customers buy the right size fittings and pipe, and explains the Qest system in detail.

Your sales potential analyzed.

What kind of sales potential does our merchandising program have? We can tell you. With a confidential market analysis of your area. Just call Consumer Sales, Mr. Tom Nix, toll free at 1-800-527-4408. In Texas call (214) 423-3576. Or write U.S. Brass Consumer Sales, P.O. Box 37, Plano, Texas 75074 But you better hurry. Or you'll find yourself plumb out of luck.

* Drummer Award Winner 1983
Bird Dog Award Winner 1983

The one best [illegible] plumbing.

USB

A HOUSEHOLD INTERNATIONAL COMPANY

Exploiting weaknesses

NATIONAL REPORT — Do-it-yourselfers indicated in a new survey that they felt their favorite home improvement stores could be made more complete with new departments.

When asked what new department their home center might add, some 41% of responses were in traditional home improvement categories.

However, more than 3 out of every 5 responses mentioned departments not as commonly found in home centers. Appliances accounted for nearly 1 of 10 responses. The departments of automotives, food, clothing, housewares and furniture, when taken together, accounted for 1 out of every 5 responses.

About 5% of responses were either carpeting or patio furniture.

Response percentages totaled more than 100% because some consumers named more than one department. The figures indicated percentages of total consumers participating in the survey.

DIYers seek new depts. in stores

(Continued from page 30)

who said they thought Sears was the best store in town, some 71% said the Sears store was not the best when it came to prices. In addition, over half of such consumers also felt Sears was not the best in terms of brand choice.

About half of consumers choosing Sears as the best store in town also noted that Sears was not the best when it came to convenient location, depth of merchandise, and sales and specials.

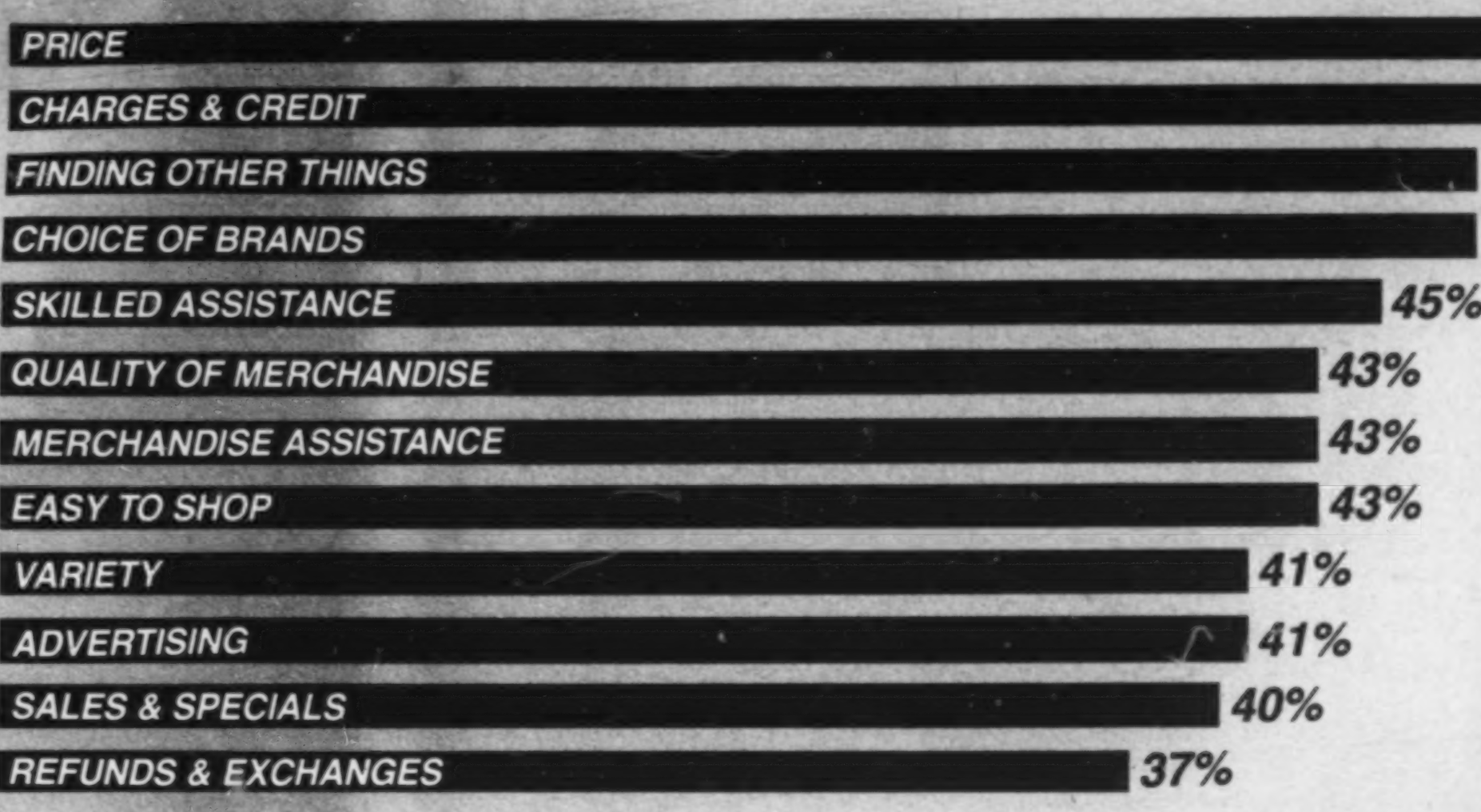
Given Sears' heavy promotion of its credit card, it isn't surprising that the survey also showed the chain had a much better image for its charge and credit program.

PHOENIX UPDATE, Page 45

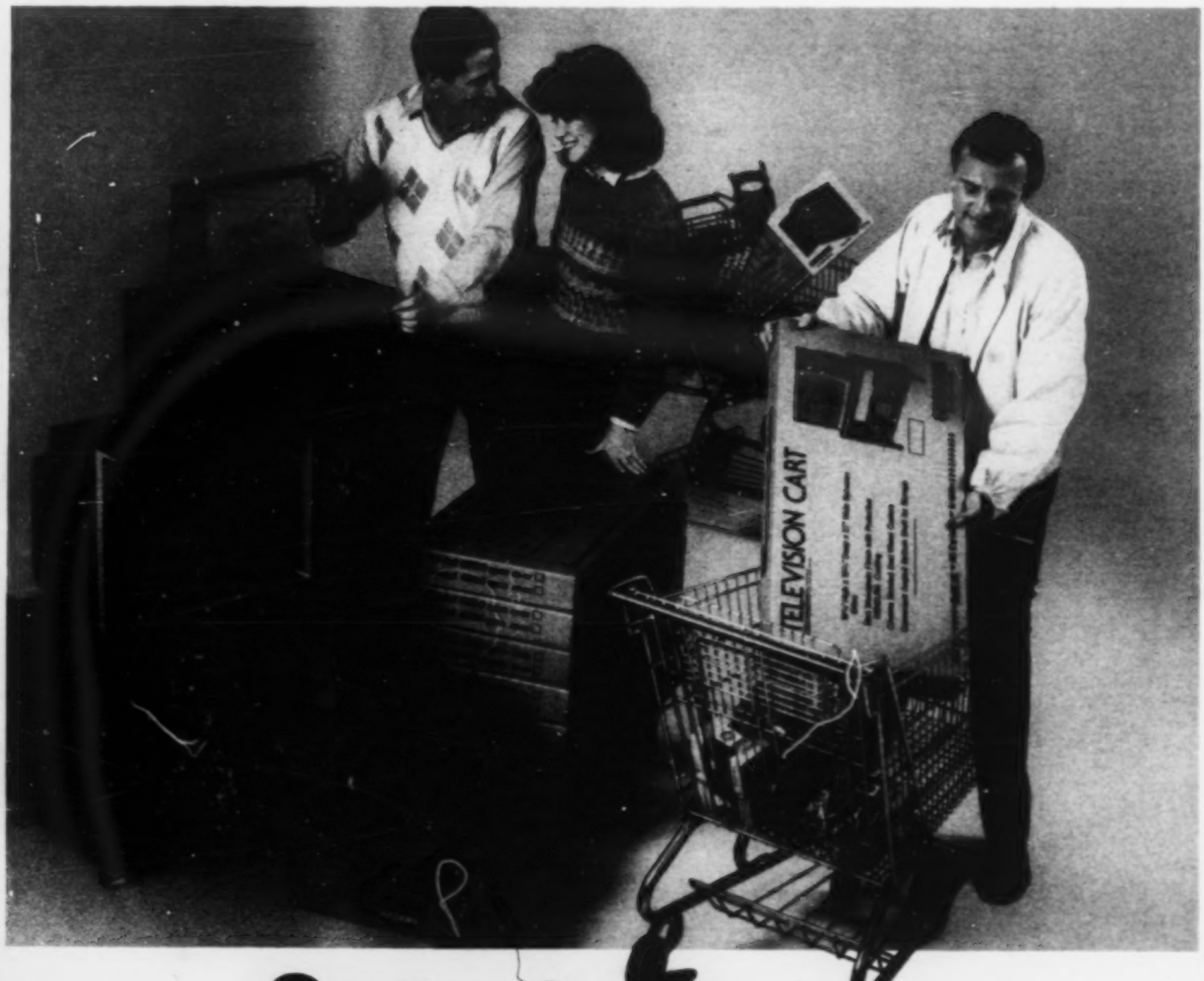
NHCN'S 1985 Consumer Attitude Survey

Investment in excellence helps home centers defend against aggressors

% who rated store best for . . . and who also rated store as "best in town"



Consumers recognize that the best is not necessarily perfection. Among those who rated the store they shop at as the best store for home improvement items in the market, many rated it less than the best on specific attributes such as PRICE, CHARGES & CREDIT, etc. For example, people who feel that theirs is the best store often can think of some other store that does a better job on REFUNDS OR EXCHANGES. The attribute rated the highest for the best overall store is PRICE, followed by CHARGES & CREDIT.



Out of site.
Out of mind.

You can forget constant comebacks when you go with Gusdorf.

Because Gusdorf goes home to stay.

Thanks to the kind of features, fit and finish you won't find in any other K.D. home electronics furniture line. All at a price so competitive you can't afford to settle for anything less.

Before you make your next buy, ask us. For TV. For stereo. For VCR. For microwave.

For complete home entertainment centers. It all goes together and stays together with Gusdorf. Call our Customer Service Department now at 1-800-325-3622. Gusdorf Corporation. 11440 Lackland Rd., St. Louis, MO 63146.

GUSDORF.

Low prices, credit key to defense

NATIONAL REPORT — Consumers are sending a clear signal that, if home centers want to defend their turf against aggressors, the weapons most likely to succeed are low prices, an attractive charge and credit program, easily perceived adjacencies and a broad choice of brands.

A poll of 1,482 households conducted on behalf of *National Home Center News* by Leo J. Shapiro & Assoc., Chicago, showed that when consumers think in terms of "the best store in town" for home improvement projects, they most often, assign that store the above attributes.

A low price structure was an attribute assigned by over half of participating consumers to the store they perceive to be the best in town.

Yet the availability of charge accounts, and credit policies, also scored high. Just about half of participants mentioned that characteristic as one enjoyed by the store they felt was the best in town.

"We invited a credit program with local consumer finance companies for all of our stores about a year and a half ago," said Craig Rastello, director of planning for Homecrafters Warehouse, Birmingham, Ala., in commenting on the results of the survey. "We also have the usual MasterCard and Visa capabilities."

Other attractions cited by about half of participating consumers as being characteristic of "the best store in town" were adjacencies designed so that it was easy to locate desired merchandise, and the availability of a broad choice of brands.

More than 2 out of 5 participants in the survey cited additional characteristics common to the store they shopped most often. These were skilled assistance on the part of sales help and the quality of the merchandise sold.

A spokesman for Leo J. Shapiro noted that the exact nature of "the best store in town" was determined by the participating consumers' "own subjective definition."

NHCN's 1985 Consumer Attitude Survey **PHOENIX UPDATE**

Phoenix arises as home center battleground

PHOENIX — People here can still recall, with some amusement, a time not too long ago when this market was joked of as being 75 shopping malls in search of a city.

When "Phoenix" was invoked in other parts of the country, retirement villages, buttes, hot weather and clear sinuses were likely to spring to mind. The market had little identity of its own, being only an hour's plane ride from Los Angeles.

In recent years, though, Phoenix has shaken off its anonymity and arisen as one of the Sunbelt's major growth areas.

Its housing market is booming and shows no signs of tapering off. Its population of 1.7 million ranks 25th nationally and is expected to grow 3% annually to two million by 1990.

Last year, Phoenix led the nation in creating new jobs, increasing its total employment 9.6%, 11% in the inner city. If projections hold true, the Phoenix market could add another 90,000 jobs this year, a 7.5% gain.

Phoenix is the headquarters city of Southwest Forest Products, Ramada Inn, Greyhound Bus and Del Webb Industries, and the continuing strengths of its manufacturing, agricultural, tourist and defense-related businesses have contributed to keeping its unemployment down to 4.6% in March, the latest reported month, compared to 5.9% for Arizona and 7.3% nationwide.

The job market is also being augmented by the growth of the area's high-tech industry, into which private and public funds are being pumped to create a new image of the market. "Most people here are excited about our future economic expansion, and we definitely are a market in transition," said Steve Paquette, executive director for Phoenix's Metro Group, part of its Chamber of Commerce.

Where people and jobs migrate, home centers are sure to follow. Over the last 18 months, Phoenix has emerged as one of the home improvement industry's "hot" properties, with several large chains fighting for a bigger share of the retail lumber, building materials and hardware market that is estimated to total $624 million in 1985, 19th highest in the country, according to data from *Editor & Publisher*.

During this period, the retail landscape of this market has become cluttered, with Home Depot moving in with four huge warehouse units, and Payless Cashways has added two new stores to the three it already operated here.

In reaction to the competition, Angel's has recently begun remodeling all 11 of its Phoenix units to include a mixture of traditional and warehouse fixturing. Handyman, with five stores here, has retrofitted its Camelback Road unit to match the warehouse-style prototype it developed earlier this year.

O'Malley's Building Materials, which has been based in Phoenix since 1908, has closed two stores over the past six months, leaving the chain with seven units in the market. Foxworth-Galbraith, with two local units, and the independent Ray Lumber are both planning to counter the retail competition by concentrating more on their contractor businesses.

"The city is just saturated with home centers," exclaimed Steve Elliott, O'Malleys' general merchandise manager. "Everyone here is vying for market share, and judging by the amount of business all of us seem to be getting, it appears customers are responding to our advertising and promotions."

In fact, Phoenix consumers are very enthusiastic patrons of home centers, choosing these type outlets over other retailers selling home improvement fare for their convenient locations, lower prices and variety of products.

A newly published Consumer Attitude Study of this and six other markets found that of the Phoenix shoppers polled who said they spent at least $40 on repair and remodeling products over the previous 12 months, 94% had shopped in a home center. More than three quarters—77.5%—claimed they went to a home center "most often" for home improvement merchandise.

The study, conducted for *National Home Center News* by the Chicago research firm, Leo J. Shapiro & Assoc., showed that by a wide margin, consumers look to home centers for such items as bath products, insulation, doors and windows, electricals, plumbing and lighting. These stores also showed remarkable appeal to consumers for power and hand tools, security hardware and paint.

Surprisingly, department stores such as Sears and discounters such as K mart appear to be capturing a very small percentage of the Phoenix market in these product categories, unlike in other areas of the country.

The primary criterion shoppers use to determine where they shop in Phoenix, according to the survey, is a store's location. Over half of those consumers who "most often" shopped a home center here did so for its location. When these datum were broken down by chain, 76% of those who preferred O'Malleys, for instance, selected its stores for their location; 63% of Angel's shoppers cited location as their main reason for shopping that chain.

"Location is something that is even more important than we sometimes credit it with," noted Ken Schoen, Home Depot's divisional manager here. "Phoenix is a very difficult market to get around in."

Elliott of O'Malleys added that to travel from his home to nearby Scottsdale "can become a 17-mile drive, because there is no direct highway route. The road system here is the pits, and the city is broken up by mountains."

Many Sunbelt cities have encountered transportation difficulties, but it appears Phoenix is attempting to nip it in the bud. Paquette said that on Oct. 15, residents will vote on a referendum which, if passed, will raise Phoenix's sale tax half a cent for a $5.8 billion, 20-year freeway improvement program to add 170 miles, include a loop around the city, to the system.

But location is but one of the reasons Phoenix shoppers look to home centers for home improvement products. According to the survey, price and product variety ran neck and neck as reasons for Phoenix consumers to "most often" choose one home center over another.

In these two categories, The Home Depot scored higher than other chains in Phoenix for customer preference. "Our stores offer the kind of in-depth selection that simply wasn't available here before," said Schoen.

It appears that this product selection also increases shopping frequency at the chain. Customers who shopped Home Depot most often said they visited the store an average of 9.8 times over the past year, and nearly two-thirds have been in one of the units in the month previous to their being questioned.

This compares with the 7.8 annual visits made by regular shoppers of Payless Cashways; 7.5 visits for Angel's; 7.4 for Handyman; 6.1 for O'Malleys, and 4.8 visits for Foxworth-Galbraith.

(Continued on page 46)

Home Depot increases market penetration in Phoenix

NHCN compared this year's Phoenix study to the one conducted in 1984, and found that nearly two-thirds of those shoppers who spent $100 or more on home improvement items had visited a Home Depot in the past year, more than half again the 41% who said they had been in the stores in the 1984 study.

Phoenix customers enthusiastically support home centers, as evinced by the increases in the number of consumers to have visited Handyman, O'Malleys and Payless Cashways. Only Angel's, with 11 stores here, appeared to have experienced some loss of market share, as the number of consumers who said its stores were close to their homes declined.

	Store Coverage "Store Near Me"		Customer Base "Visited Past Year"		Frequency "Mean Visits Past Year"	
All Households	1984 100%	1985 100%	1984 100%	1985 100%	1984 100%	1985 100%
Angel's	82	76	75	75	10.9	7.3
Handyman	58	52	45	48	5.7	7.4
Home Depot	49	59	41	63	7.4	9.9
O'Malley	65	67	57	61	6.6	6.2
Payless	44	50	40	45	6.6	7.9

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

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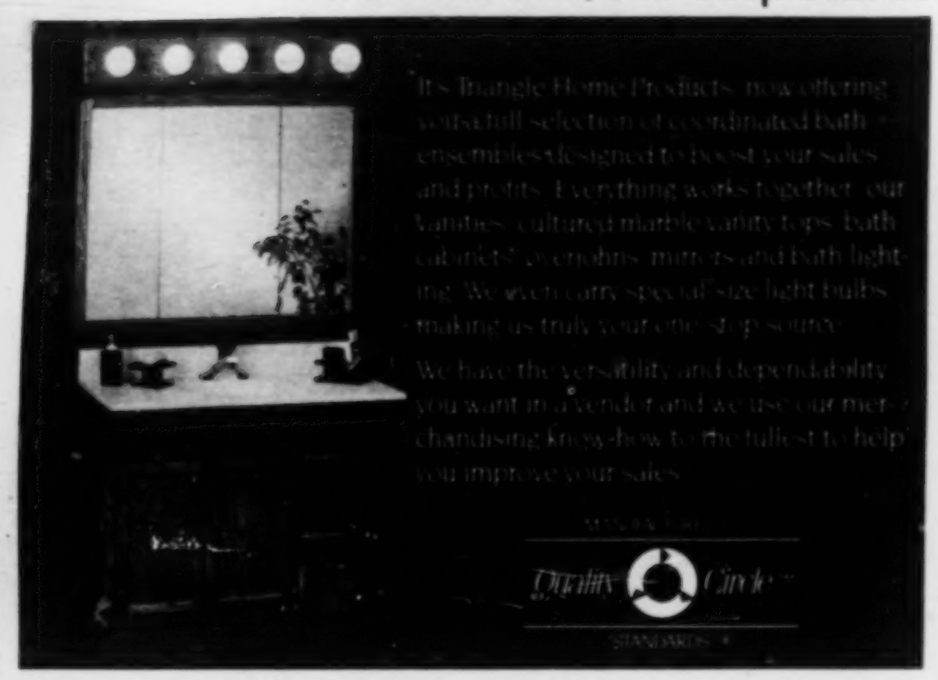
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Phoenix DIYers will do more, spend less

"Looking Back . . ."	1984	1985
Total Home Improvement Purchases Past Year (Mean $)	$2,349	$2,193
% Households-Completed Major Remodeling	38%	46%
. . . Mean Expenditure	$4,264	$3,029

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

More Phoenix consumers will engage in major home remodeling projects this year, but are likely to spend considerably less for the job.

Studies of this market conducted for NHCN *in 1984 and 1985 show that nearly half of all consumers who will spend $100 or more on home improvement merchandise this year plan to complete a home remodeling project in 1985, compared to less than two-fifths of the consumers polled in 1984.*

However, as the chart indicates, the amount that will be spent on total home improvement purchases this year, and the mean expenditures for major remodeling are less than what they were in 1984. Major remodeling expenditures this year are expected to fall off nearly 30% from the previous 12-month period to $3,029.

Phoenix market arises, becomes hot home center battleground

(Continued from page 45)

Other data shows this shopping frequency has translated into increased market share for Home Depot and Payless over the past year, and some slippage for Angel's.

Since its initial ad campaign in the winter of 1983-84, Home Depot has been able to sustain its low-price iamge with Phoenix customers, who are spending a mean of $75.60 per visit at its stores, compared to $72.10 at O'Malleys, $60.50 at Payless, $41.20 at F-G, $36 at Handyman and $33.50 at Angel's.

Competitors in the market, seeing Home Depot's success, have sought to counter its impact by stepping up their own promotional efforts. Industry officials here say Payless and Angel's have been particularly active on television this past year, despite evidence from the *NHCN* study showing that only one-third of the consumers polled looked to TV for information on prices and sales items.

These consumers prefer to turn to newspaper ads once or twice a month and, to a lesser degree, direct mail pieces.

But whatever medium they choose to send out their message, home center retailers here have been banging the price drum.

"If you look at the study's numbers, you'll see that Handyman is the only chain to have gained market share last year without adding new stores here," said Harvey Rosen, the president of the San Diego chain. "Our pricing policy had a lot to do with that." (Handyman, in many of its markets, has been offering 20% off the suggested list price of certain items, and 5% off virtually all products sold in the store.)

Dealers here are reluctant to connect their price cuts and aggressive promotions to Home Depot's entry into the market. Elliott of O'Malleys admits the chain's margins have suffered since Home Depot came to Phoenix, "but we had adjusted our prices before they were even here. I'll admit Home Depot might have been the catalyst, but not the direct cause for our actions."

O'Malleys, which consumers in the study said they prefer to shop for its locations, sales help, product quality and credit programs, is currently taking a "closer look," said Elliott, at its entire advertising and promotional program.

However, Home Depot has quite obviously changed the dynamics of this market, as Payless' chairman David Stanley has conceded in recent talks with security analysts, and has caused some dealers here to rethink their businesses.

In addition, the Atlanta-based chain has made everyone more price-aggressive, which in turn has presented a new batch of problems for dealers.

For example, Foxworth-Galbraith, the Dallas chain with two stores in this market, has decided to take approximately 100 items "with customer appeal" and sell them "at everyday low cash and carry prices," said the chain's vp-western division, H. S. Galbraith.

"We're not looking to compete directly with Home Depot or any of the retail outlets, but we do have to stay competitive here," he said. Galbraith added that this new pricing policy has upset some of F-G's builder customers "who complain occasionally about paying more than retail consumers for some items.

"But," he continued, "we're looking to increase our retail business, and, given the market we're in, this is the best way we know how."

The independent Ray Lumber, which is right across the street from a Home Depot, is taking a more dramatic route to stay afloat.

"I don't think we can compete on price with any of these dealers anymore," said Carl McElrath, Ray's controller.

Consequently, this store, which last year got 85% of its $2.5 million in sales from contractors, has concentrated even further on catering to contractors, who have been doing land office business in this market over the past three years.

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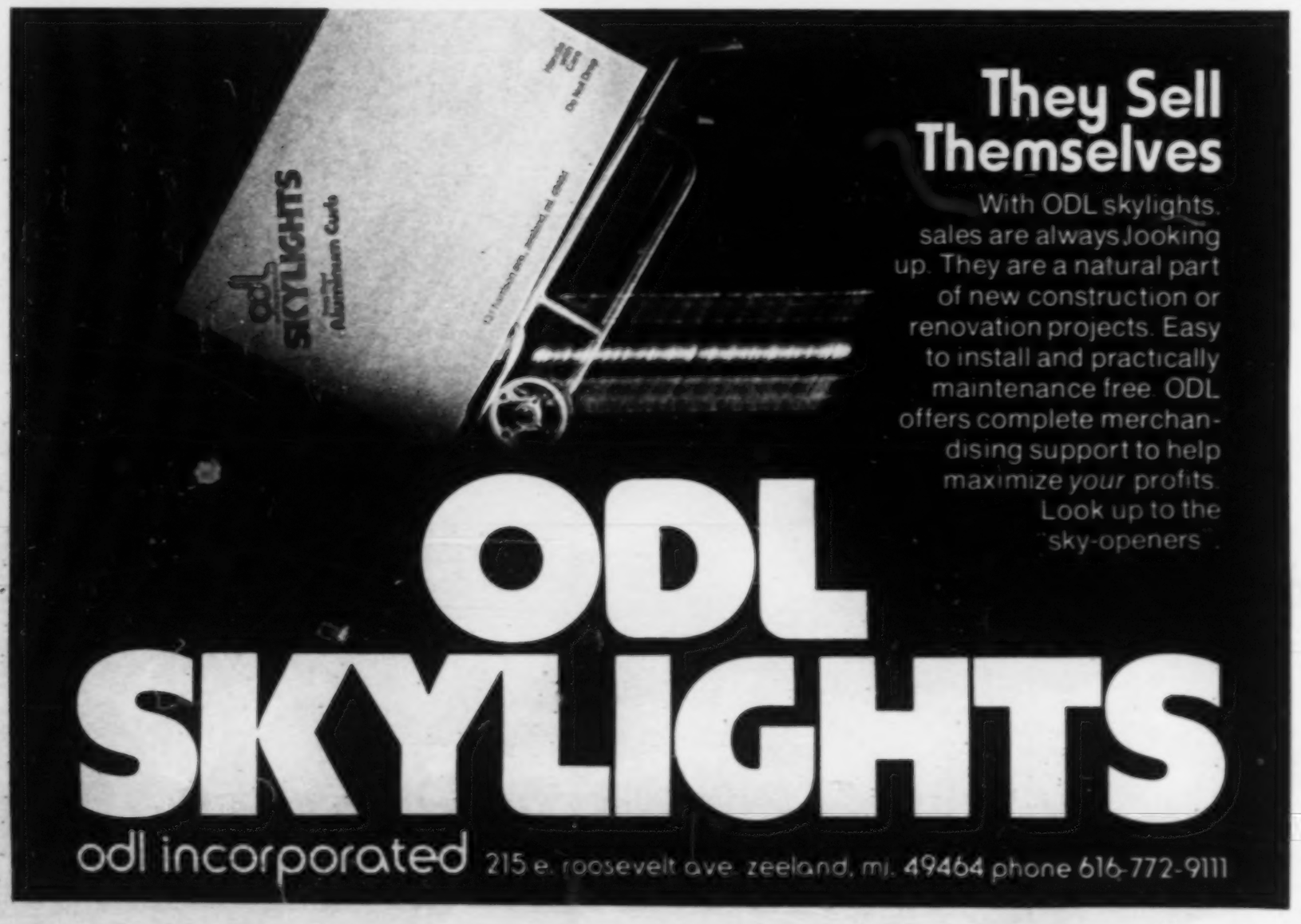

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NHCN's 1985 Consumer Attitude Survey

PHOENIX UPDATE

Phoenix homeowners trading up not adding on

More Phoenix shoppers decide to improve their homes

"Chances of Remodeling in the Coming 12 Months?"	1984	1985
"Definitely"	22%	37%
"Maybe"	16%	22%
"Definitely Not"	62%	41%
"Will Likely Spend . . . ($Mean)	$3,113	$2,579

Source: Leo J. Shapiro & Assoc. for *National Home Center News* ©1985

A higher percentage of consumers "definitely" plan to remodel their homes this year than last, according to a comparison of two studies of the Phoenix market conducted for NHCN in 1984 and 1985.

More than two-thirds more consumers who will spend at least $100 on home improvement items this year said they would "definitely" remodel their homes than the 22% making the commitment in 1984. Those consumers who said they "maybe" would do a home improvement project was also higher this year than last.

PHOENIX — The housing boom here has had the unusual effect of limiting home centers' abilities to market bigger-ticket home improvement projects over the past few years. Howeowners seemed to be trading up rather than adding on.

But as housing starts begin to level off, as they have in recent months, Phoenix has emerged as the No. 1 market among seven recently surveyed by *NHCN* for potential home remodeling activity. While there should be more customers, on average they are expected to spend less this year than last year.

Consumers here were polled as part of a comprehensive study, conducted by the Chicago research firm Leo J. Shapiro & Assoc., that evaluated the shopping patterns and attitudes of 1,858 consumers in Houston, San Bernardino, Calif., Long Island, Columbus, Ohio, Virginia Beach, Va., Chicago and Phoenix.

Of the 253 consumers who spend at least $40 on their homes in the previous 12 months in Phoenix, nearly three-fifths said they had not engaged in any home improvement project, such as remodeling, renovating or adding onto their homes.

Home center executives here point to the area's strong housing construction industry as the culprit behind at least some of this lack of DIY activity. Even though single-family unit starts were off slightly between 1983 and 1984, overall housing construction during this period rose 27.2% to 58,000 units.

"The new home market is very aggressive right now, which has depressed the sale of existing homes," said Steve Elliott, the general merchandise manager for O'Malleys Building Materials, with seven units in Phoenix. He indicated that it has become extremely difficult for homeowners to sell homes for appraised value here. "What's the sense of renovating if it's not going to add to the value of the home?" he asked.

The Phoenix Chamber of Commerce said the median price for an existing single-family home was $76,700, a bit higher than National Assn. of Realtor estimates placing the price in the first quarter of 1985 at $74,100, compared to $74,700 for all of 1984.

Of course, those companies catering to the homebuilding business have few complaints about this situation. "We're shipping between 25 to 30 houses worth of materials [for new homes] a day from our yard, and we're only one store," said Carl McElrath, controller for the independent Ray Lumber, which gets 85% of its sales from contractors. Elliott added that O'Malleys' business this year has been strong "because construction has been strong."

Phoenix market

Company	No. of stores
Angel's	11
O'Malleys Building Materials	7
Handyman	5
Payless Cashways	5
The Home Depot	4
Foxworth-Galbraith	2
Ray Lumber	1

Source: *NHCN* research

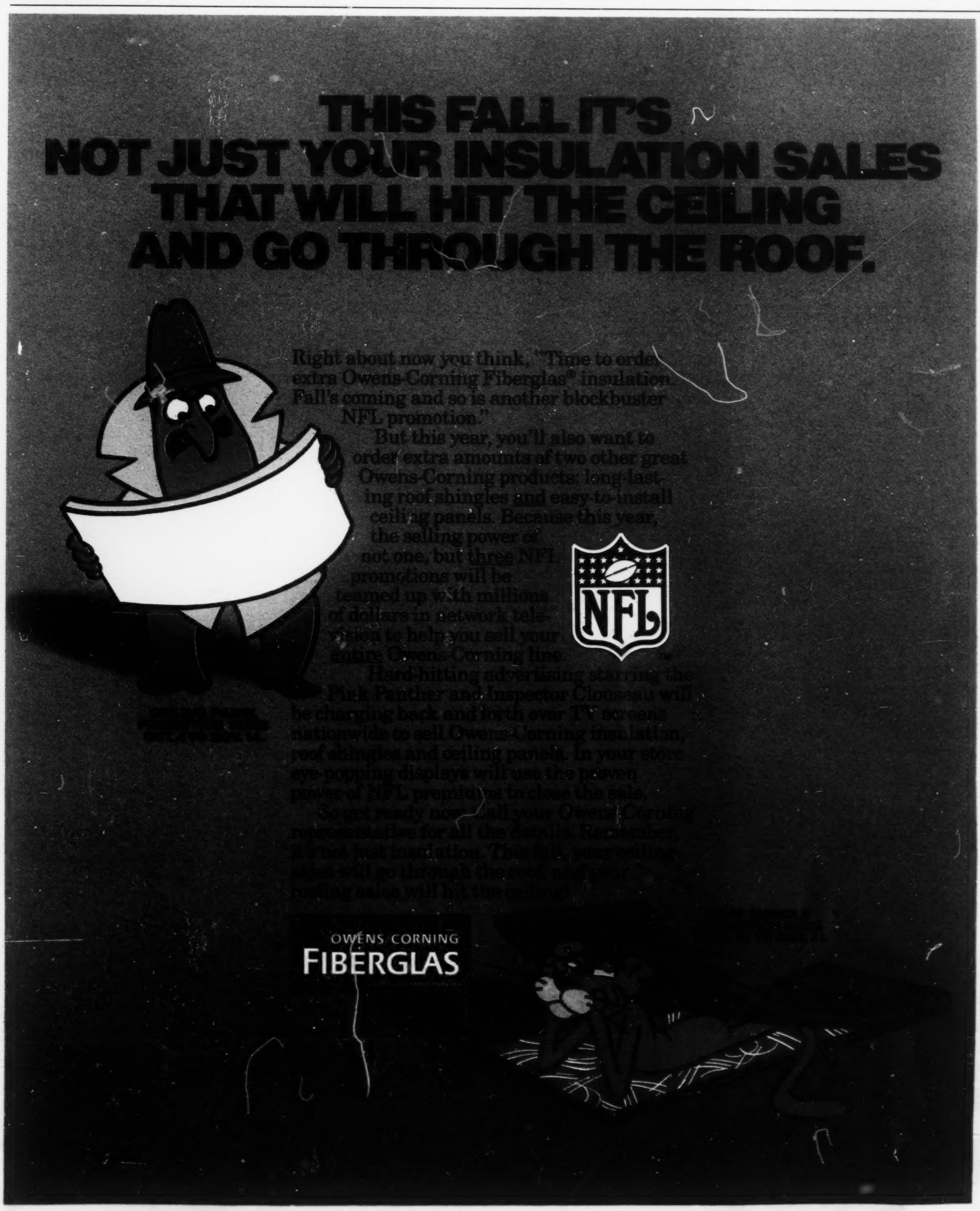
As to why there hasn't been more DIY remodeling activity in the market, H. S. Galbraith, western division vp for Foxworth-Galbraith, which has two stores in the market, thought Phoenix was going through a phase of its development.

"When an area builds up like this, you always get a four-to-five year lag before remodeling is needed," he explained. "Right now, it looks like we're approaching the end of that cycle."

Not all retailers agreed with these explanations of why more consumers had desisted from conducting DIY projects. "The way new homes are built these days, they are little more than shells, and there's lots of evidence proving that homeowners spend a considerable amount of money on new homes in the first three years of occupancy," said Harvey Rosen, the president of Handyman, which has five units in Phoenix.

Just how much the housing boom has actually affected sale of merchandise for home re-

(Continued on page 51)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Phoenix homeowners trading up not adding on

(Continued from page 48)

modeling projects in Phoenix can't be scientifically ascertained. More than two-fifths of the consumers polled here who spent at least $40 on their homes said they did some kind of remodeling during the past 12 months.

A good portion of this work revolved around painting, wallpapering and laying carpet, with other DIY jobs receiving more modest response levels from consumers polled. The mean expenditure by those who conducted a DIY project in the past year totaled $1,521, which rose to $3,029 when consumers who spend more than $10,000 are included in the calculation.

Home centers which consumers identified as the ones they shopped most frequently got a mean of $651 of that total ($525 when the $10,000-plus group is omitted), according to the study.

More encouraging news for retailers is that about a third of Phoenix shoppers said they would "definitely" engage in a home remodeling project over the next year, with another 21.7% saying "maybe." This percentage of "definites" was higher than any received in the study's other six markets.

Nearly one fifth of these consumers in Phoenix planning remodeling identified painting as the job they would do; 10% said it would be bath remodeling, and another 10% said "interior" work.

Slightly less than 20% thought they would spend between $100 and $299, while slightly more than 20% would spend $1,000 to $2,999.

Consumers who definitely plan to undertake a DIY project over the next 12 months said they would spend what the study calculated to be a mean of $2,473, or 18% less than the previous year. When the $10,000-plus group is taken out of the formula, mean expenditures over the next year would equal $1,014, or 33% less than what a consumer spent for home improvement a year ago.

Retailers were hard-pressed to explain this, except to say that the market, with so much more competition, was becoming diffused, which still would not account for the drop-off in total spending.

Whether the projected decline in housing starts this year to 47,000 units, or the anticipated increase of single-family homes in Phoenix to 22,000, plays a role in the market's projected increased DIY activity is anyone's guess.

But one dealer thought that Phoenix was becoming a much more stable community in terms of home buying and selling, which he thought bodes well for home centers, where 94% of the survey's respondents in Phoenix said they had shopped over the previous 12 months.

"It seems that there's a lot less transience in Phoenix, and people here are more willing to stay permanently and make more of an investment in their property," said Ken Schoen, division manager for Home Depot here. "That's got to be good for our sales."

With housing starts beginning to level off in Phoenix, this market has emerged as the No. 1 market among seven surveyed by NHCN *for potential home remodeling activity.*

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NHCN's 1985 Consumer Attitude Survey

Choosing between home improvement stores

Why customers shop at a particular store for home improvement items

Reasons	Home center total	Total all stores in 7 markets	Chicago (Rank in parentheses)	Columbus (Rank in parentheses)	Long Island (Rank in parentheses)	Houston (Rank in parentheses)	Phoenix (Rank in parentheses)	San Bernardino (Rank in parentheses)	Virginia Beach (Rank in parentheses)
Location	50%	48.1%	50.5% (1)	53.2% (1)	42.6% (2)	52.7% (1)	50.2% (1)	45.2% (1)	41.7% (1)
Prices	45	36.7	27.4 (3)	46.8 (2)	24.2 (3)	39.1 (2)	44.3 (2-3)	36.2 (3)	36.7 (2)
Variety	44	40.2	41.3 (2)	39.4 (3)	46.5 (1)	35.3 (3)	44.3 (2-3)	38.6 (2)	35.2 (3)
Knowledge-able salesmen	11	11.1	11.1 (5)	16.7 (4)	7.9 (5)	5.3 (5)	11.9 (4)	11.9 (5-6)	13.1 (4)
Sales/promos	8	7.2	6.3 (6)	5.9 (6)	5.9 (6)	3.4 (6)	8.3 (5)	11.9 (5-6)	8.0 (6)
Quality	8	11.4	12.0 (4)	13.8 (5)	11.4 (4)	13.5 (4)	7.1 (6)	12.9 (4)	10.1 (5)

Source: Leo J. Shapiro & Assoc. for *National Home Center News* © 1985

Comparison of the position of stores in each of the seven markets studied shows that choice of a store for home improvement supplies is most often based on location in all the markets except Long Island, where product variety is the No. 1 factor. Location, prices and variety are the three reasons that affect most decisions on where to shop.

Location, prices variety attract DIY customers

(Continued from page 24)

the No. 1 attraction, while location came in second and prices were third. This unusual result may result from the presence of new stores in the area, and the willingness of the consumer to travel a longer distance to shop them.

The dual survey findings that consumers are attracted to stores for different reasons in different markets, and that consumers are always looking for new reasons to shop at different stores (see related story), has provided home centers with an opportunity to carve out individual niches in a market.

That some home centers were successful in presenting an image that differed from those of others came into evidence as the survey clocked consumer attitudes in seven markets.

For example, in Virginia Beach, consumers who shopped most often at Hechinger were asked why. In addition to other reasons, some 10% of such shoppers said one attraction was a good store layout that made it easy to shop. Participants who shopped most often at home centers, in general, in that market gave that characteristic as a reason only 5% of the time.

On the other hand, Mr. HOW in Virginia Beach, had clearly impressed its own shoppers with its knowledgeable sales help. Of those shoppers who went most often to a Mr. HOW, some 25% cited helpful salesmen as one of the reasons. That attraction was cited by only 15% of shoppers who went most often to home centers generally in that market.

Television ads not considered very helpful

(Continued from page 28)

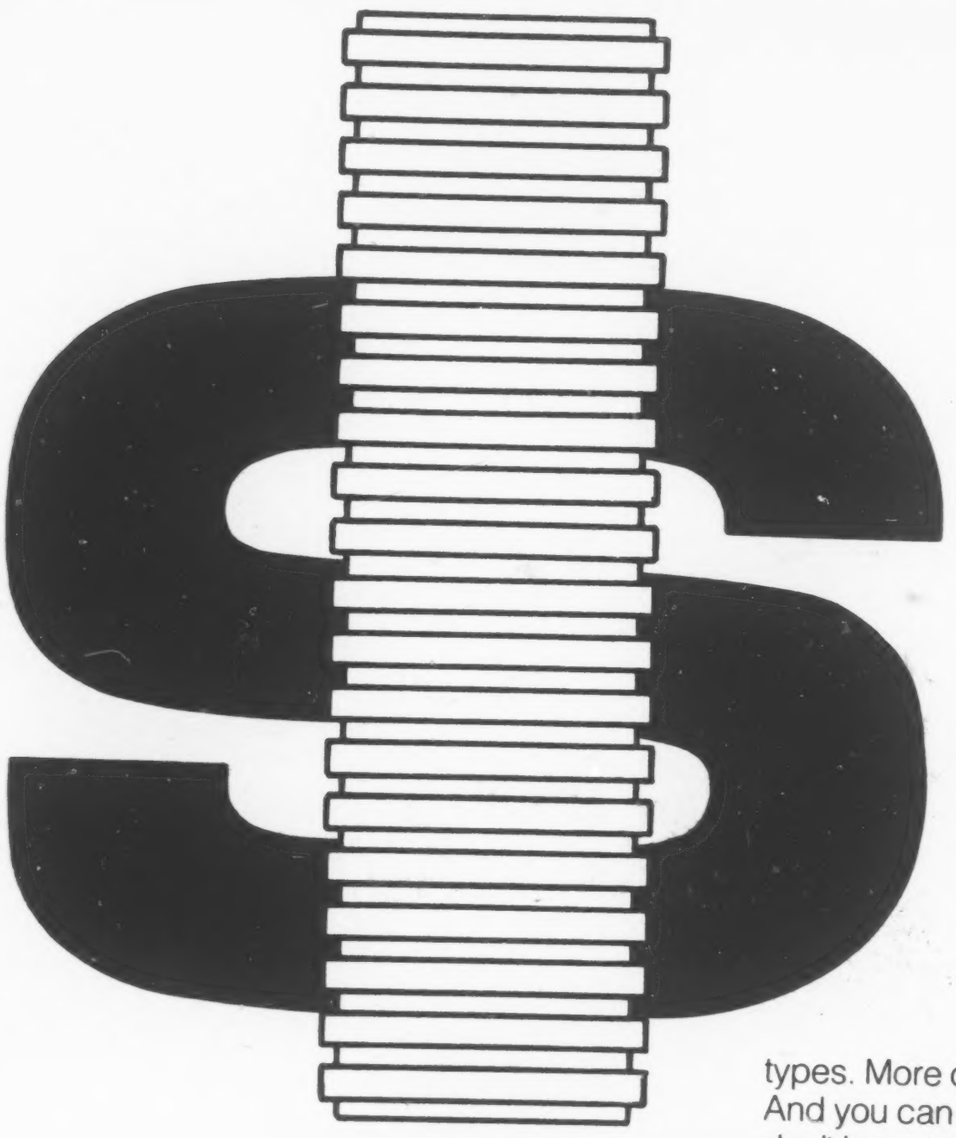
sales, money isn't the main reason for keeping TV advertising to a minimum, commented Ralph Buchan, advertising vp. Some markets are not served by local television stations and TV advertising would not be cost effecient, he explained.

Buchan said both broadcast media—TV and radio combined—comprise only 15% of his total ad budget which historically is about 4% of the company's annual retail sales receipts.

Jud Walford, executive vp at Builders Square, said the San Antonio-based retailer uses TV but sparingly and not in every market. It does not use it in Cleveland where the company only has one store. "It's difficult to give consumers a good representation of what's on sale on TV," he commented.

But in Detroit, where Builders Square is expanding rapidly, the company is using cable TV as a vehicle for its ads. It sponsors Detroit Tigers baseball games.

Orchard Supply is one retailer that uses television in equal proportion to its newspaper and mail ads. DiRocco said, "You don't pick a medium, you pick an audience."



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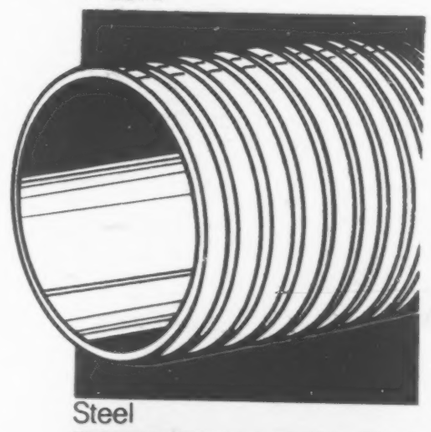

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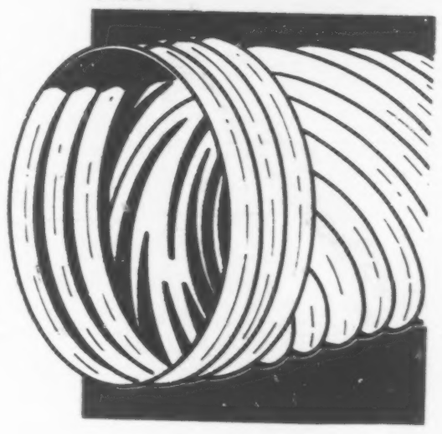

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Chanin signs on to assist in Evans reorganization

BRAINTREE, Mass. — Less than a year after completing his key role in the resuscitation of Wickes Cos., bankruptcy expert Jeffrey Chanin—as part of a team of investment bankers from Drexel Burnham Lambert Inc.—has signed on to assist the corporate turnaround of the financially beleaguered Evans Products Co.

Jeffrey Chanin

The ex-Wickes executive vp is slated to oversee a Drexel Burnham effort to assist Evans, which has operated under the protection of Chapter 11 of the Federal bankruptcy code since March 11. Evans' liabilities currently exceed $750 million.

Drexel Burnham's participation in Evans' reorganization was expected to be approved by Judge Thomas Britton of the U.S. Bankruptcy Court in Miami on July 15, when a number of other issues affecting that reorganization were on the docket.

The Court was expected to rule on a motion to extend the period during which Evans can file an "exclusive" plan of reorganization, which had been due July 10. In ad-

(Continued on page 81)

NEWSBREAKS

84 BUYS EVANS UNITS. 84 Lumber has purchased four Steel City stores in Pittsburgh from Evans Products, as part of Evans' efforts to close or sell its less-profitable units during its Chapter 11 proceedings. The sale would require court approval.

INSIDE

Walker-Kurth set to close doors for last time ***—Page 2***

Central Hardware parent adopts anti-takeover plan ***—Page 5***

Yellow Pages prove retail headache ***-Page 67***

Hines inks buyout of 26 Chicago stores ***-Page 3***

Four execs resign at Knox after buyout proposal fails

Southwest mulls revisions in plan

By Laura Liebeck
NHCN field editor

ST. PAUL — Four top Knox Lumber Co. executives resigned early this month, following their failure to raise the $30 million needed to purchase the 10-unit St. Paul-based chain from its parent, Southwest Forest Industries. Their efforts to buy the company are continuing, however.

"The perspective group had made certain changes in their proposal and we are reviewing them," said a Southwest spokesman. The details were not made public.

Knox Lumber Co. president Lawrence Platt, vp-administration Jim Hartman, vp Mel Maurer and comptroller Jean Wahlman resigned, effective July 3. Richard Miller, Southwest executive vp responsible for allied operations, was named ceo of the lumber company. Miller has been overseeing the Knox operation for Southwest since 1983, the Southwest Forest spokesman said.

John Lindahl, vp of Norwest

(Continued on page 82)

Lawrence Platt and three other Knox executives resigned their positions July 3 after an unsuccessful attempt to buy the 10-unit chain.

CBS, Pro Hardware strike deal to pool services, expand activities

By Phillip M. Perry
NHCN senior editor

NATIONAL REPORT — Central Builders Supplies and Pro Hardware signed an agreement July 1, to pool the services they offer their members. The alliance is intended to help both groups expand their activities into the home center field.

CBS is a nonprofit buying co-op with 410 retail members, primarily lumberyards, in 30 states. It moved some $120 million worth of building materials to its retail members last year.

Pro Hardware is a service organization for a group of 14 independent distributors serving 2,500 retailers—primarily hardware stores. Pro provides a store retail program, including hardware inventory management, advertising aides and sales promotions, that member distributors make available to their retailers. Distributors belonging to Pro sold $800 million worth of merchandise last year.

"Our goal is to expand our operations nationwide, and this arrangement makes us much more competitive than before," said Phil Pobanz, general manager and treasurer of CBS, based in Sturgis, Mich. Pobanz explained that Pro members have distribution centers that can serve all 48 contiguous states. In addition, Pro members offer some 12,000 stock keeping units of hardware that will round out CBS' presentation of basic building materials. While CBS had been offering hardware for the past two years through a relationship with

(Continued on page 6)

Depot debuts in West, plans rapid assault

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — Signaling the start of a new wave of aggressive expansion, The Home Depot chose one of the West Coast's most competitive markets—Orange County—for the long-anticipated opening this month of its first two warehouses in California.

Chairman Bernard Marcus said the debut of the pair of 100,000-sq.-ft. stores—located in Fullerton and Huntington Beach—will be quickly followed by the opening of stores in the California markets of Los Angeles, San Diego and northern California, as well as in Jacksonville, Fla.

By next February, the now-37-unit chain will have grown to at least 53 stores, Marcus said. The store count will expand to 76 units by the end of 1986.

The Marcus strategy of moving "as rapidly as we can into the lucrative California region"

(Continued on page 81)

Aussies carve up $8 billion DIY market

By John Caulfield
NHCN senior editor

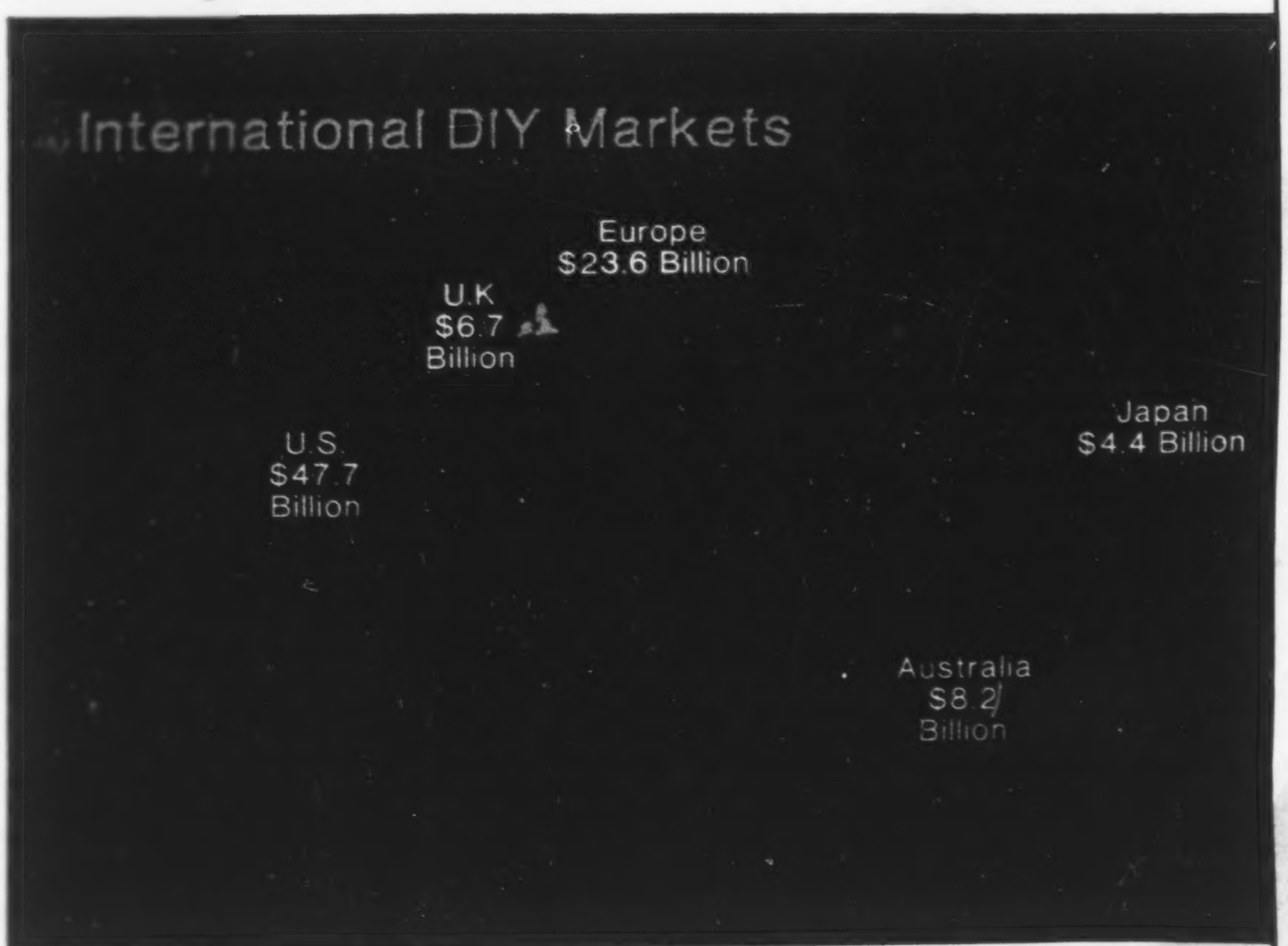
INTERNATIONAL REPORT — If you're a home center exec, you've likely done two things in the past year: visited a warehouse competitor in your market, and run into an Australian examining your store.

Where Americans are incorporating some of the features of warehouse retailing into their own units, Australians are flocking to the United States.

This corporate migration back and forth across the Pacific has resulted in the Australian market going "fairly wild" over the past two or three years, according to John Danks, chairman of John Danks & Sons, a Melbourne-based wholesaler.

"We opened our first *bona fide* home center, 30,000 sq. ft., in Sydney in 1963," recalls Jack Miller, general manager-operations for BBC Hardware, the 80-unit chain identified as one of the trendsetters and market leaders in this country. "But for some reason, it was not until the mid to late 70's that other companies began changing their

(Continued on page 19)



Source: All figures are for 1986. Australia and Japan; *NHCN* projections; United Kingdom and Europe, Frost & Sullivan projections; U.S. figure is DIY Research Institute projection for DIY market. *NHCN* graphic.

NHCNews Briefs

Industry Update

Builders Sq. sets 2nd Calif. site

RIVERSIDE, Calif. — Following Builders Square's debut here of its first West Coast unit—a 91,000-sq.-ft. former ice-skating rink scheduled to open "sometime in August," senior vp Jud Walford said the 21-unit K mart subsidiary will follow up "shortly afterward" with its second California warehouse store—in Oxnard, north of Los Angeles.

BUILDERS SQUARE℠

The Oxnard facility, situated on Wagon Wheel at Highway 101, will be a retrofit of an 80,000-sq.-ft. ex-Zodys discount store. Walford said Builders Square expects to have 20 stores open in southern California by the end of 1986.

"We believe in that market and we're going after it," Walford said of the hotly contested battle for a share of California's DIY business.

Scotts shareholders tender stock

STAMFORD, Conn. — General Host said a majority of the outstanding shares of Scotts Seaboard common stock had been tendered, following its offer to purchase the $37.4 million chain of home centers based in Linthicum, Md.

By the second week in July, shareholders had tendered 1,586,000 shares, representing 88% of outstanding stock, to the acquiring firm. General Host said it intended to acquire all of the stock rather than to have minority shareholders.

When General Host first made its purchase offer for Scotts on June 7, it said the offer was contingent on the tender of at least 51% of the target firm's outstanding stock (*NHCN*, July 1).

Paty to open earlier than planned

PINEY FLATS, Tenn. — The six-unit Paty Co., based here, will open its expanded Kingsport, Tenn., store by early August, nearly five months ahead of schedule.

John Kiss, marketing vp, said the company wants to open the unit "by the end of July" but isn't sure that deadline can be met.

The grand opening of the retrofitted store is being scheduled for Labor Day weekend, he said.

The Kingsport store will be more than twice the size of Paty's largest store, at 40,000 sq. ft.

Scotty's yearly sales up 7%

WINTER HAVEN, Fla. — Scotty's reported a 7% sales increase to $453.43 million for the fiscal year ended June 29. Fourth quarter sales were $120.4 million, up 6% from the comparable year-earlier quarter.

Consumer sales were quite strong through May but softened somewhat in June, according to Harold W. Taylor, senior vp and cfo. In the five-week period ended June 29, sales gained 5% to $43.74 million.

Scotty's operates 116 stores including two Scotty's factory outlets and six Scotty's hardware stores.

Forest City to acquire 2 new units

CLEVELAND — Forest City Enterprises plans to acquire at least two retail outlets within the next 60 days *NHCN* has learned.

"We plan on opening them [as Forest City outlets] within three months," said corporate vice chairman Samuel H. Miller.

Miller said the stores were located within the company's current trading area, but would not specify the cities involved. He would not indicate whether the stores were independent operations or part of chains.

Miller's comments followed a statement made June 11 to shareholders at the corporation's annual meeting, that the company planned to make "strategic real estate moves to consolidate our strength in existing markets."

In other annual meeting news, Forest City elected Ronald Ratner to its board of directors, giving the three controlling families a majority of the board seats. (*NHCN*, June 17.)

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Vol. 11, No. 16 July 29, 1985

Champion execs arrange buyout of some bldg. product operations

STAMFORD, Conn. — Champion International has agreed to sell several of its building products operations, which last year generated $1.2 billion in sales for the company, to members of current management in a leveraged buyout transaction. Champion, like many forest products companies, plans to focus on its pulp and paper manufacturing businesses.

The divestiture is expected to be consumated sometime next month, according to Jack Armstrong, Champion's sales and distribution vp, who will become executive vp of the new company, U.S. Plywood.

Champion officials said that the sale is the largest yet in the company's asset divestiture program aimed at reducing $1.2 billion in debt incurred in Champion's late-1984 acquisition of St. Regis Corp. Earlier this year, Champion closed seven building products plants on the West Coast, laying off about 2,000 employees from the company's workforce of 50,000. In 1984, Champion lost $6 million on sales of $5.1 billion, a 20.1% sales increase from the previous year.

U.S. Plywood's operations will consist of a national sales and distribution organization, an industrial particleboard business and several paneling, hardwood, plywood, hardboard and hardboard siding plants. With approximately 2,700 employees, the new company will be serving residential and commercial construction markets, furniture. repair and remodeling and manufactured housing markets.

Besides Armstrong, investors in the new venture include president and ceo Dick Lowery, who had been exec vp of Champion's international building products division, and several other members of Champion's former building products management group. The leveraged buyout was arranged by Goldman, Sachs & Co. and is being financed by a group of lenders and investors headed by Heller Financial Inc. and Security Pacific Business Credit Inc. Champion is retaining a minority shareholder position in the new company.

Armstrong said he expects U.S. Plywood to garner sales of about $1 billion during its first year. "The businesses have been and are profitable," noted Armstrong.

U.S. Plywood, which will be headquartered in Fairfield County, Conn., will be independent from Champion, but will continue to distribute a substantial share of Champion's plywood production.

Walker-Kurth set to close its doors for the last time

HOUSTON — With only days left to tie up the last few loose strings, "everything is just about done," said Bob Fountain, director of administration and secretary of the Walker-Kurth Lumber Co. of Houston.

He and a few others have been left to complete the remaining paperwork and prepare to lock the last door on Aug. 1, 34 years after the mostly contractor business entered the Houston market. Chronic unprofitability was cited as the reason for Walker-Kurth's demise (*NHCN*, May 20).

The five-unit company which posted 1984 sales of $48 million—ranked 67th on *National Home Center News*' Top 100 list of home center companies—closed the last of its units in June and was completely liquidated of its inventory by June 30, said Fountain.

(Continued on page 81)

Wickes finds no teeth to this shark's bite

SANTA MONICA, Calif. — At first, it looked like another corporate raider might be after Wickes, a company whose stock had been pursued vigorously by Saul Steinberg's Reliance Group earlier this year. Last month, the retailer received a copy of a document filed with the SEC stating that Value Investors, Des Moines, Iowa, had snapped up 16.225% of Wickes' outstanding common stock.

When figures used to support the statement were reviewed, however, doubts emerged. According to the document, Value had purchased 15,414 outstanding shares. To capture the percentage specified, Value would have had to acquire just about 1,000 times that number.

"It was a clerical error," acknowledged Ralph Kosmicke, president of Value, an investment advisory firm. "We only bought the 15,414 shares. The document should never have been filed." Value, it seems, owns less than one-fiftieth of 1% of Wickes' outstanding stock. The SEC requires notification when over 5% of a target company's securities are owned.

In other stock news from Wickes, the company said it would make its first scheduled quarterly dividend on its new $2.50 preferred issue Aug. 1. The dividend, in the amount of 62.5¢ per share, covers the period from the initial issuance of the stock, on May 1, through and including July 31.

Highlights in this issue

INTERNATIONAL REPORT

- *Australian firm looks to leap warehouse format obstacles* —**Page 19**
- *Government policies impact Australian housing and DIY sales* —**Page 24**
- *Japan's island culture spawns "fix-it-up" ways* —**Page 37**
- *Japan's DIY industry projected at $4B in 1985* —**Page 37**
- *English retailer branches out into DIY auto care* —**Page 43**
- *Wickes sells West German units to focus efforts on other countries* —**Page 49**
- *DIY sales in Common Market to hit $30.5 million* —**Page 50**
- *Not much in common in European DIY markets* —**Page 52**

ADVERTISING & MARKETING

- *Yellow Page complexity proves retail headache* —**Page 67**
- *New manufacturers studies show insulation market not saturated—Two new surveys show that a large number of homeowners still have inadequate insulation and some have none at all, but the potential customer is not necessarily the one with the least insulation, but the one who perceives the need to add it.* —**Page 67**
- *Goodbuys kicks off paint promo with dollar power roller* —**Page 67**

INDEX

Calendar 75
Classified 77-79
Editorial 8
Financial News 4, 5
Home Center Trivia 12
Housing Watch 10
Lumber Report 16
National Hardware Show Preview/Schedule 59
New Products 70, 72
New S&O Products 73
People 12
Washington View 8

MERCHANDISING

- *String trimmers post strong sales despite predictions of slackening* —**Page 61**
- *New York town passes law to restrict blower noise* —**Page 62**
- *Leaf blowers sell well even in leafless areas* —**Page 63**
- *Registration increases for Louisville L&G expo* —**Page 64**

FINANCIAL NEWS

33 Gainers

3 Unchanged

20 Losers

Gainers outnumbered price-percentage losers, 33 to 20, with three stocks unchanged, as the two-week period ended July 12 was marked by heavy trading on home center industry issues.

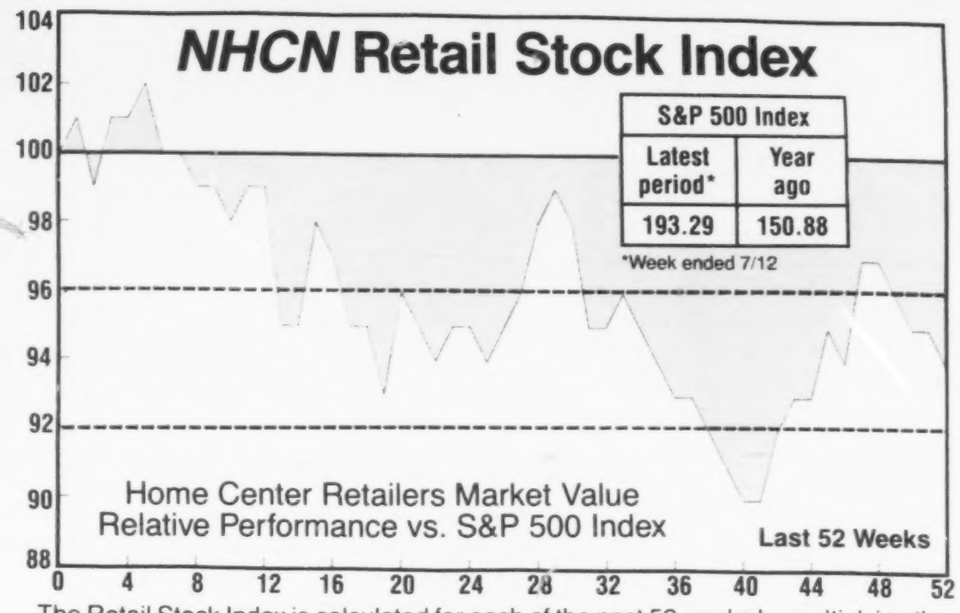
Forty-four of the 56 stocks listed on the *NHCN* Industry Market Summary traded at a higher volume than their 12-week average during the latest two-week period. Edward Hines Lumber (which on July 3 agreed to sell its 26 Chicago area stores to ceo Edward Hines and his family, story page 3), Scotty's and Payless Cashways were among the most active retail stocks.

The *NHCN* Retail Stock Index, which closed at 94, lost ground relative to Standard & Poor's 500 Index, which closed the two-week period at 193.29, up 28% from its year-ago figure.

Michigan General, parent of Diamond Lumber, bounded back from a 17.8% decline in the previous two-week period, to close the latest period, up 8.1% to $5 on two million shares traded.

Evans Products closed the period at $1.88, up 7.1% on 556,000 shares traded, while Lowe's was up 6% to $28.50 on a volume of some 5.3 million shares.

Scotty's climbed 4.6% to $14.13 on 1.6 million shares traded, for the period ended July 12. National Lumber, which recently opened its 16th store (*NHCN*, July 15), was up 4.5% to $5.75 for the period.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
DeSoto Inc ..... N	2,292	386.9	- 4.2
Color Tile ..... M	10,512	355.6	3.6
Hines Ed Lumber ..... O	216	284.4	1.9
Walter, Jim ..... N	14,177	279.2	- 2.4
Pope & Talbot ..... N	502	250.0	1.9
Emhart Corp ..... N	6,866	219.2	5.9
Scotty's Inc ..... N	1,644	188.4	4.6
Ply-Gem ..... A	1,139	178.8	.8
Payless Cash ..... N	14,453	172.5	10.2
Natl Gypsum ..... N	7,052	161.8	2.4

TOP GAINERS

Company & Market	2-Weeks Ended 7-12-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Allegheny Int ..... N	25.63	12.0	1,920
Newell Co ..... N	17.63	8.5	611
Mich General ..... A	5.00	8.1	2,001
Evans Prod ..... N	1.88	7.1	556
Potlatch Cp ..... N	37.25	6.8	613

TOP LOSERS

Company & Market	2-Weeks Ended 7-12-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Clopay Corp ..... A	15.50	- 18.4	94
Edison Bros ..... N	32.00	- 15.0	1,514
Payless Cash ..... N	16.50	- 10.2	14,453
Homecrafters Whse ..... M	7.50	- 9.1	756
Waxman Ind ..... M	14.38	- 8.0	681

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 7-12-85	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-
Retailers																	
Boise Cascade ..... N	49.50	1.25	2.6	50.25	46.25	50.25	32.50	8,283	3.03	1.96	54.6	20.6	1.90	3.8	.....	3 mos.	03-85
Color Tile ..... M	18.13	.63	3.6	18.50	17.25	20.00	14.25	10,512	11.39	2.50	355.6	12.9	.00	.0	.....	9 mos.	03-85
Edison Bros ..... N	32.00	- 5.63	- 15.0	38.25	31.00	38.25	31.00	1,514	1.49	.67	122.4	12.2	1.60	5.0	.....	3 mos.	03-85
Erb Lumber ..... O	22.50	.00	.0	24.50	22.50	22.50	18.00	2	.02	.10	- 80.0	6.8	.00	.0	.....	3 mos.	03-85
Evans Prod ..... N	1.88	.13	7.1	1.88	1.75	6.25	1.75	556	.40	.28	42.9	NE	.00a	.0	.....	3 mos.	03-85
Forest City Ent ..... A	22.25	.25	1.1	22.50	22.00	22.50	15.00	30	.07	.04	75.0	45.4	.15	.7	.....	fiscal	01-85
Grace W R ..... N	41.25	.88	2.2	41.25	40.13	44.50	38.50	4,370	.90	1.00	- 10.0	10.9	2.80	6.8	.....	3 mos.	03-85
Hechinger A ..... M	18.75	.00	.0	19.50	18.25	23.19	13.81	3,068	3.51	2.39	46.9	NA	.16	.9	.....		00-00
Hechinger B ..... M	19.25	.75	4.1	19.75	18.50	24.19	13.81	1,732	.76	.30	153.3	20.5	.08	.4	NEW	3 mos.	04-85
Hines Ed Lumber ..... O	39.75	.75	1.9	40.50	39.00	43.75	34.50	216	1.23	.32	284.4	29.7	1.00	2.5	NEW	3 mos.	03-85
Homecrafters Whse ..... M	7.50	- .75	- 9.1	8.63	7.50	16.25	5.25	756	2.68	1.93	38.9	NE	.00	.0	NEW	3 mos.	04-85
Home Depot ..... N	13.75	.50	3.8	14.13	12.63	27.88	12.00	10,767	4.30	2.01	113.9	27.5	.00	.0	NEW	3 mos.	04-85
INTERCO Inc ..... N	66.25	- .50	- .7	66.88	64.75	70.50	55.00	3,705	2.63	1.99	32.2	16.6	3.08	4.6	NEW	3 mos.	05-85
K mart Cp ..... N	36.38	- 2.00	- 5.2	39.00	36.00	41.50	29.25	29,226	2.34	1.42	64.8	9.4	1.40	3.8	.....	3 mos.	04-85
Lowe's Cos ..... N	28.50	1.63	6.0	28.75	26.63	31.13	16.25	5,307	1.46	1.03	41.7	17.0	.36	1.3	.....	3 mos.	04-85
Mich General ..... A	5.00	.38	8.1	5.50	4.50	8.50	4.50	2,001	1.76	1.04	69.2	23.8	.00	.0	.....	3 mos.	03-85
Natl Lumber ..... M	5.75	.25	4.5	6.00	5.00	7.50	4.50	673	1.19	.52	128.8	27.4	.00	.0	.....	3 mos.	03-85
Pay N Pak ..... N	14.50	.00	.0	14.88	14.13	17.50	11.50	1,782	1.78	1.96	- 9.2	14.8	.64	4.4	NEW	3 mos.	05-85
Payless Cash ..... N	16.50	- 1.88	- 10.2	18.38	16.50	23.38	13.50	14,453	4.17	1.53	172.5	14.6	.16	1.0	.....	6 mos.	05-85
Scotty's Inc ..... N	14.13	.63	4.6	14.75	13.38	16.38	11.38	1,644	1.24	.43	188.4	10.6	.52	3.7	.....	9 mos.	03-85
Sears, Roebuck ..... N	36.50	- 1.88	- 4.9	38.63	36.38	39.13	29.75	46,833	1.30	.90	44.4	9.1	1.76	4.8	.....	3 mos.	03-85
Std Brd Pnt ..... N	22.75	- .88	- 3.7	23.88	22.75	23.88	16.50	1,626	1.46	1.34	9.0	12.1	.56	2.5	.....	3 mos.	04-85
Supermkts Gen ..... N	47.75	1.50	3.2	48.38	46.00	48.38	23.63	2,092	1.17	1.44	- 18.8	14.2	.48	1.0	.....	3 mos.	04-85
Wolohan Lumber ..... M	6.88	.13	1.9	7.00	6.63	7.25	4.00	813	1.39	1.19	16.8	15.6	.16	2.3	.....	3 mos.	03-85
Wholesalers																	
Lewis Palmer ..... M	8.50	.13	1.5	8.50	8.13	9.75	7.13	312	.83	.64	29.7	40.5	.28b	3.3	NEW	3 mos.	04-85
Manufacturers																	
Allegheny Int ..... N	25.63	2.75	12.0	25.88	22.63	28.75	19.38	1,920	1.82	1.07	70.1	NE	1.40	5.5	.....	3 mos.	03-85
Am Standard ..... N	30.63	.75	2.5	31.25	29.75	35.38	24.13	5,120	1.31	.98	33.7	10.3	1.60	5.2	.....	3 mos.	03-85
Armstrng Wrld ..... N	37.50	- 1.50	- 3.8	39.75	37.00	39.75	23.25	8,162	3.42	1.37	149.6	10.4	1.30	3.5	.....	3 mos.	03-85
Black & Decker ..... N	20.13	.38	1.9	20.75	19.63	26.88	17.25	10,108	2.01	2.08	- 3.4	11.4	.64	3.2	.....	6 mos.	03-85
Certain-teed ..... N	26.13	- 1.38	- 5.0	28.13	26.00	28.50	15.75	1,874	.99	.58	70.7	12.3	.70	2.7	.....	3 mos.	03-85
Champ Intl ..... N	23.88	.75	3.2	24.00	22.38	26.75	16.88	19,747	2.13	1.50	42.0	NE	.40	1.7	.....	3 mos.	03-85
Clopay Corp ..... A	15.50	- 3.50	- 18.4	19.13	15.50	22.19	10.91	94	.63	.65	- 3.1	10.3	.16	1.0	.....	3 mos.	03-85
DeSoto Inc ..... N	34.25	- 1.50	- 4.2	36.25	34.00	37.88	27.50	2,292	4.82	.99	386.9	11.1	1.40	4.1	.....	3 mos.	03-85
Emhart Corp ..... N	31.63	1.75	5.9	31.75	29.25	32.25	24.53	6,866	2.49	.78	219.2	10.8	1.40b	4.4	.....	3 mos.	03-85
Georgia-Pacifc ..... N	24.50	.75	3.2	25.00	23.75	27.38	19.25	10,813	1.05	1.14	- 7.9	23.8	.80	3.3	.....	3 mos.	03-85
Insilco Corp ..... N	19.13	- .13	- .6	19.38	18.75	20.72	13.81	2,715	1.52	.96	58.3	10.7	1.00b	5.2	.....	3 mos.	03-85
La Pacific ..... N	22.50	.38	1.7	22.75	21.75	24.75	16.50	5,325	1.50	.77	94.8	20.3	.80b	3.6	NEW	3 mos.	03-85
MacMlln Bldel ..... N	15.75	- .25	- 1.6	16.13	15.13	21.81	15.00	137	.05	.09	- 44.4	33.5	.00a	.0	NEW	3 mos.	03-85
Manville Cp ..... N	5.88	- .13	- 2.1	6.13	5.50	9.38	5.13	2,284	.95	1.18	- 19.5	2.7	.00	.0	NEW	3 mos.	03-85
Masco Corp ..... N	35.50	.25	.7	36.00	35.00	36.00	24.00	9,803	1.73	.94	84.0	20.6	.56	1.6	.....	3 mos.	03-85
Mor-Flo Inds ..... M	18.88	- .63	- 3.2	19.25	18.75	20.25	11.38	138	.54	.50	8.0	7.2	.01	.1	.....	3 mos.	03-85
Natl Gypsum ..... N	47.50	1.13	2.4	48.75	45.88	48.75	28.00	7,052	4.53	1.73	161.8	6.8	2.00	4.2	.....	3 mos.	03-85
Newell Co ..... N	17.63	1.38	8.5	18.63	16.38	19.00	13.25	611	.71	.44	61.4	10.8	.50	2.8	.....	3 mos.	03-85
Owens Corning ..... N	33.75	- 1.63	- 4.6	35.38	33.50	37.00	25.13	4,080	1.38	.80	72.5	8.2	1.40	4.1	.....	3 mos.	03-85
Ply-Gem ..... A	16.13	.13	.8	16.25	15.75	16.50	11.00	1,139	3.15	1.13	178.8	13.6	.16	1.0	.....	3 mos.	03-85
Pope & Talbot ..... N	19.75	.38	1.9	20.38	19.38	21.50	15.00	502	.84	.24	250.0	NE	.80	4.1	.....	3 mos.	03-85
Potlatch Cp ..... N	37.25	2.38	6.8	37.25	34.50	38.13	25.75	613	.40	.35	14.3	13.3	1.56	4.2	.....	3 mos.	03-85
Sherwin-Wms ..... N	39.00	.50	1.3	39.25	36.50	39.88	24.00	3,060	1.36	.80	70.0	13.6	.92	2.4	.....	3 mos.	03-85
SW Forest Ind ..... N	13.25	- .75	- 5.4	13.75	13.00	18.75	11.75	1,833	1.97	2.02	- 2.5	44.2	.00	.0	.....	3 mos.	03-85
Stanley Works ..... N	29.00	- .50	- 1.7	30.13	28.50	31.00	19.50	3,353	1.25	.83	50.6	11.0	.96	3.3	.....	3 mos.	03-85
Thos Inds ..... N	17.75	.75	4.4	17.75	16.75	18.88	12.72	349	.41	.37	10.8	10.1	.68b	3.8	.....	3 mos.	03-85
Triangle Pac ..... N	29.63	1.25	4.4	29.63	28.50	31.25	20.75	412	1.01	2.09	- 51.7	8.9	1.00	3.4	.....	3 mos.	03-85
USG Corp ..... N	42.75	.25	.6	44.50	41.50	44.50	22.50	7,720	2.34	1.39	68.3	7.5	1.68	3.9	.....	3 mos.	03-85
Walter, Jim ..... N	36.25	- .88	- 2.4	37.13	34.75	39.25	22.00	14,177	6.75	1.78	279.2	7.4	1.40	3.9	.....	9 mos.	05-85
Waxman Ind ..... M	14.38	- 1.25	- 8.0	15.88	14.25	16.88	4.75	681	2.25	3.96	- 43.2	18.2	.08	.6	.....	9 mos.	03-85
Weyerhaeuser ..... N	29.50	.75	2.6	29.63	28.13	34.00	25.88	17,891	1.38	.67	106.0	19.3	1.30	4.4	.....	3 mos.	03-85

Financial Update: Latest Quarter / Year-to-Date

Company and Market	Latest Quarter: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.
-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers												
Boise Cascade ..... N	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile ..... M	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros ..... N	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber ..... O	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod ..... N	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent ..... A	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Grace W R ..... N	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A ..... M	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber ..... O	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse ..... M	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot ..... N	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc ..... N	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp ..... N	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos ..... N	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General ..... A	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber ..... M	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak ..... N	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash ..... N	376.5	20.7	13.0	6.6	.39	5.4	631.4	23.9	14.6	- 1.4	.44	- 4.3
Scotty's Inc ..... N	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck ..... N	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
Std Brd Pnt ..... N	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen ..... N	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber ..... M	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers												
Lewis Palmer ..... M	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers												
Allegheny Int ..... N	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard ..... N	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld ..... N	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker ..... N	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed ..... N	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl ..... N	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp ..... A	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc ..... N	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp ..... N	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacifc ..... N	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp ..... N	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific ..... N	271.0	- 12.3	2.4	- 64.7	.07	- 63.2	271.0	- 12.3	2.4	- 64.7	.07	- 63.2
MacMlln Bldel ..... N	538.6	30.8	2.6	NE	(.13)	NE	538.6	30.8	2.6	NE	(.13)	NE
Manville Cp ..... N	433.2	5.6	12.2	- 3.9	.25	- 7.4	433.2	5.6	12.2	- 3.9	.25	- 7.4
Masco Corp ..... N	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Mor-Flo Inds ..... M	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum ..... N	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co ..... N	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning ..... N	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Ply-Gem ..... A	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot ..... N	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp ..... N	234.7	- 6.2	11.5	- 8.0	.67	1.5	234.7	- 6.2	11.5	- 8.0	.67	1.5
Sherwin-Wms ..... N	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
SW Forest Ind ..... N	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Stanley Works ..... N	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds ..... N	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac ..... N	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp ..... N	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim ..... N	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind ..... M	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser ..... N	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

NAR housing outlook optimistic for near future

NATIONAL REPORT — Existing single-family home sales are predicted to hit 3.05 million units this year, making 1985 the best resale year since 1979, when 3.83 million houses were sold, according to the National Assn. of Realtors.

This record year should be surpassed in 1986 when the NAR is projecting home resales to total 3.11 million units.

The momentum is predicted to end in 1987, however, due to forecasted higher interest rates. That year resales are projected to be 3.02 million units, the NRA said.

While the sale of existing homes accelerates through 1986, the NAR noted that the cost of purchasing those homes also will rise. This year, the NAR projects existing homes will sell for a median price of $75,000, 3.7% more than last year. In 1986, the trade organization estimates that resale prices will rise another 3.8% to a median $77,800 and in 1987 the price of an existing single-family home is predicted to rise 4.3%.

At the same time, however, the NAR predicts that the cost of newly built homes will rise even faster than resales, about 6% per year to an average median cost in 1986 of $89,600, up 5.7% over 1985, when the year-end home price is projected to be a median $84,600.

Activity for new housing starts is expected to be strong through 1986 as well, the NAR reports. It predicts 1985 will tally 1.875 million new starts, slightly higher than the level forecasted by the National Assn. of Home Builders and the Federal Home Loan Mortgage Corp. However, the NAR projects 1986 will yield 1.9 million new housing starts before falling back to 1.85 million units in 1987.

The optimism expressed by American realtors and economists over the domestic housing market is being mirrored by authorities in Europe.

According to a recent NAR survey of more than 500 members of the International Real Estate Federation, activity in both the existing home sales and new housing starts arena are expected to rise through 1990.

Fifty-five per cent of the respondents said they expect activity of existing single-family homes sales to increase over the next year, and 73% are optimistic the sales pace will continue to rise over the next five years, about the same level reported to the NAR last year, the organization noted.

The respondents also reported that they are very optimistic about activity for new home construction: 50% said they expect to chart an increase over the next 12 months, and 67% said they expect increases to continue for the next five years. Last year the survey revealed that realtors were less optimistic about home sales activity.

The results of the recent survey were presented in Rome last month by Dr. Jack Carlson, executive officer and chief economist of the NAR.

Carlson noted that nearly 60% of the international realtors expect home prices to rise over the next 12 months and that 90% of them are certain prices will rise through 1990.

The survey's respondents were split almost equally between those predicting mortgage rate increases and decreases in the five-year period with most predicting the current rates should stay constant through next May.

Mortgage rates in the U.S. have been falling in recent months. The NAR is predicting that fixed-rate mortgages will fall to 12.4% by the fourth quarter, down from 13.7% in the first quarter. The group also is predicting that the rates will drop to 11.8% during the second half of 1986 before edging back up in 1987.

Carlson reported that mortgage rates worldwide are more than 8% higher than the inflation rate this spring. Seventy per cent of the survey's respondents "indicated rates in their country were more than 4% above inflation."

"Long-term, fixed rate level-payment mortgages are the typical instrument used to finance home purchases throughout the world," the NAR economist noted.

The average down payment for an owner-occupied home worldwide was slightly under 20% of the purchase price, and the term to maturity averaged 21 years, the survey revealed.

It also found that the average interest rate on a loan for owner-occupied homes is 12.7% this year compared to 12.5% last year, Carlson said.

"Homebuyers throughout the world are typically devoting 27% of their income to housing in 1985," he commented. "This is down from 28% in 1984."

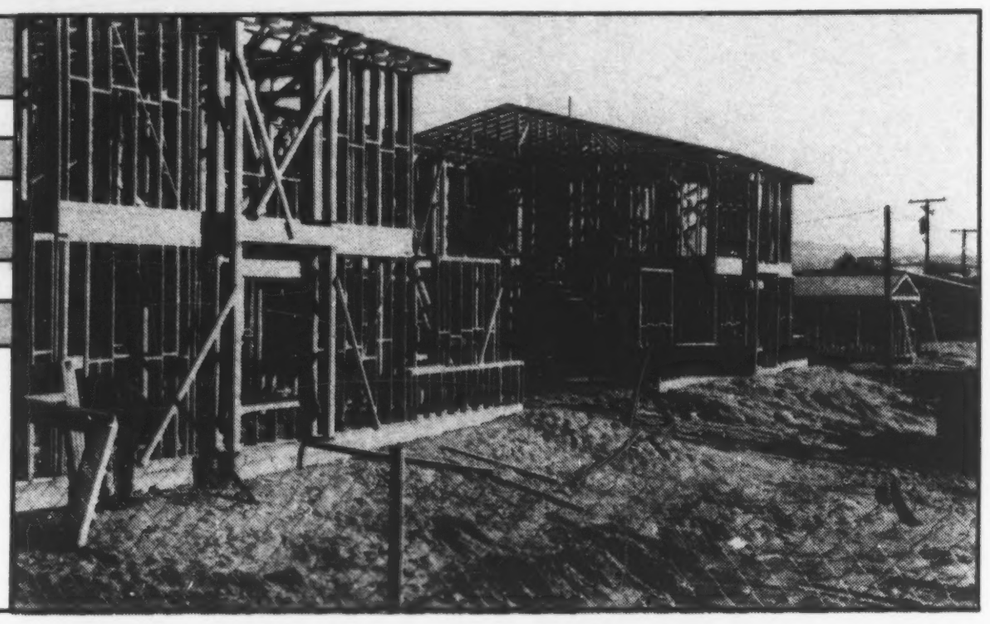
NAR housing predictions

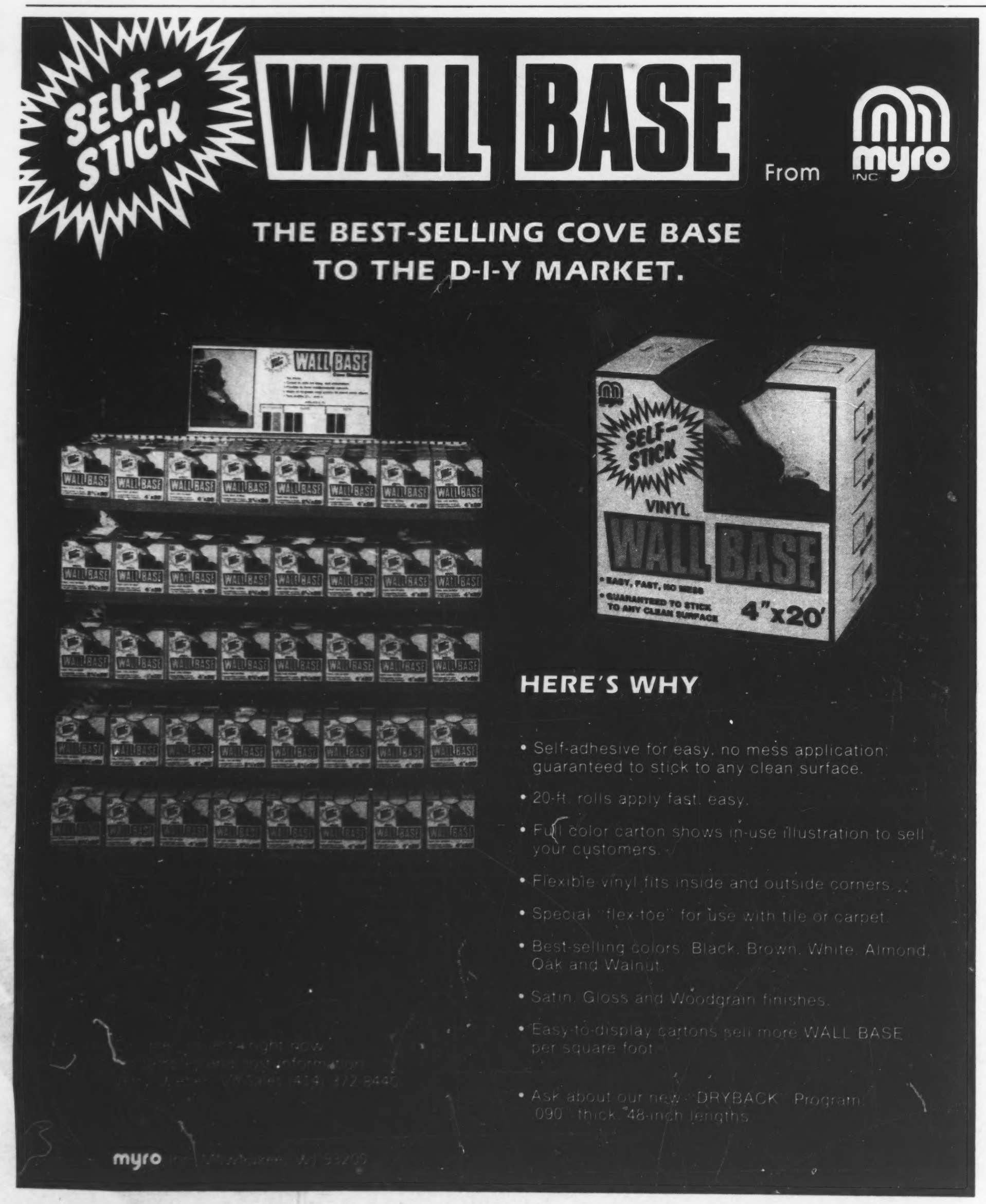
	1985	1986	1987
Existing home sale (mil.)	3.05	3.11	3.02
Price ($)	$75,000	$77,800	$81,200
New home starts (mil.)	1.875	1.9	1.85
Price ($)	$84,600	$89,600	$94,800

Source: National Assn. of Realtors

While the NAR predicts that sales of existing homes will accelerate through 1986, they also note that the cost of purchasing those homes will also rise. This year, the NAR projects existing homes will sell for a median price of $75,000, 3.7% more than last year. In 1986, the trade organization estimates that resale prices will rise another 3.8% to a median $77,800.

NHCN chart and photo

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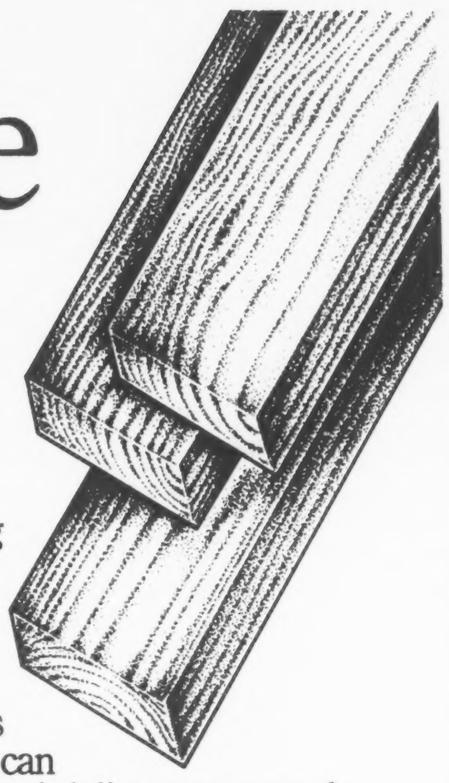

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FURMAN LUMBER, INC.

LUMBER REPORT

Lumber prices begin to rebound but optimism may be short-lived

By Hawk Furman
Special to NHCN

Lumber and panelboard manufacturers had tremendously successful months in April, May and most of June. Prices jumped substantially due to poor mill returns and chip problems. Couple falling production with seasonal demand for lumber and panelboard hitting its peak, with retailers and wholesalers caught short on inventory, and you have a sellers' market.

The mills took control of pricing for the first time in quite a while. Prices on random length western s-p-f 2x4's rose from $142 per thousand board feet to $173 per thousand board feet f.o.b. the mill. Random length southern yellow pine 2x6 (eastside) escalated from $194 per thousand board feet to $305 per thousand board feet. This is an increase of 57%. Unfortunately, the short term prosperity may be blinding many producers to reality.

'Unless producers of lumber and panelboard products show restraint, prices will remain steady to lower. Government intervention is the major issue to watch that could send wood prices higher.'

—Hawk Furman

Production increases

Increased prices bring out the greed in lumber manufacturers. Production levels are rising again. The yellow pine mills, despite a lessening demand for chips, are gearing up production and stacking their chips. Many independent mills in the United States Pacific Northwest are coming back on line under new or existing management. The Canadian spruce production continues to go full throttle. This increase in production generally means one thing for summer and that is steady or lower prices in lumber and panelboard despite excellent demand for products. The law of supply and demand cannot be ignored.

Demand excellent

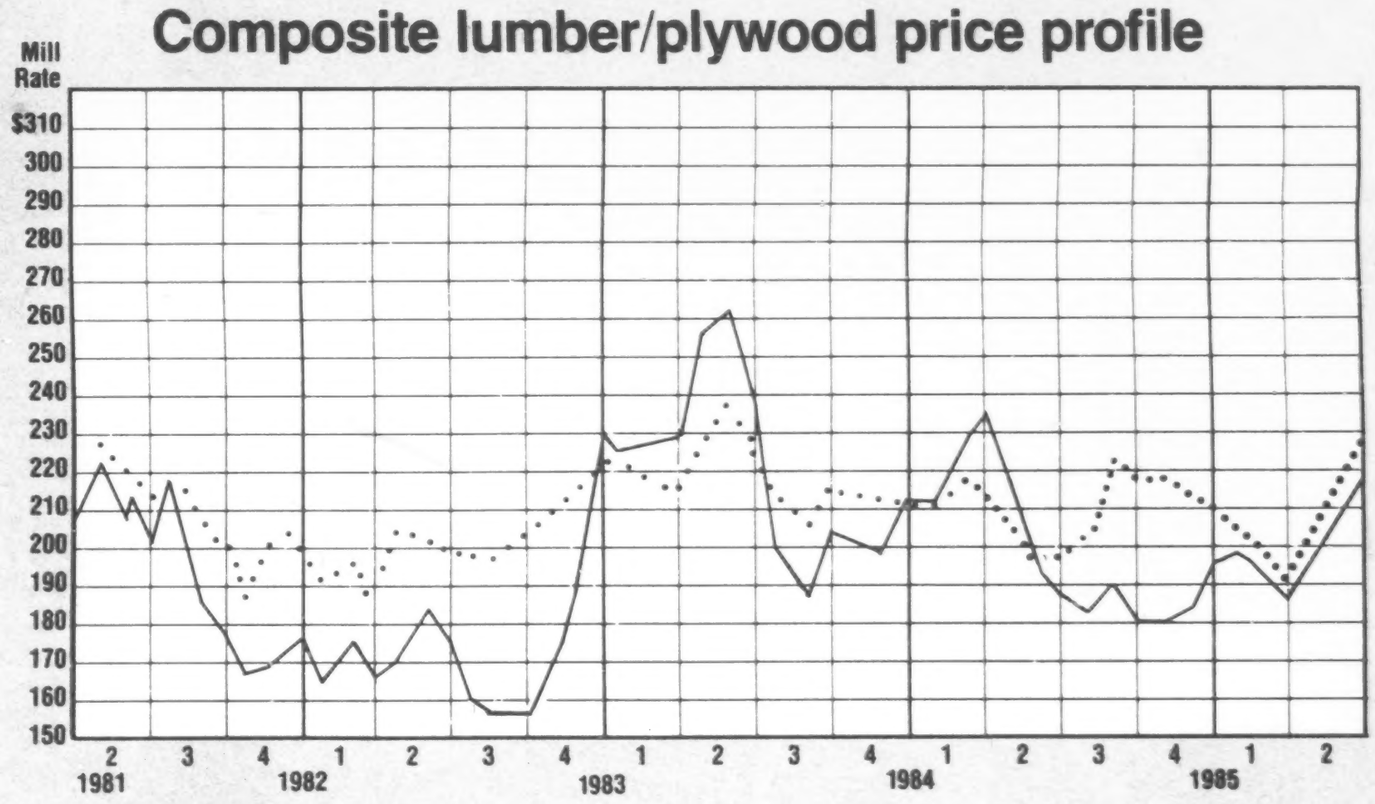
The good news on the demand side continues for lumber and panelboard because of the affordability of new housing. Fixed rate mortgages are under 12% while some variable rate mortgages are under 10%. These are the lowest rates in seven years. The affordability index which measures a family's availability to qualify for a home mortgage remains high. Investors are taking advantage of the window before tax changes to get into rental real estate. Activity in home building should remain strong through the end of 1985.

Long term outlook

The long term outlook for strong lumber prices with current production levels is not good. Export levels continue to

(Continued on page 74)

Composite lumber/plywood price profile



—— Framing lumber, $/1,000 bd. ft. ..... Plywood, $/1,000 sq. ft. Source: *Random Lengths*

Bounding upward from its disappointing low price levels earlier this year, lumber prices have risen slowly since May, accompanying the spring buying surge. The framing lumber composite rose from $223 per thousand board feet in May to $228 in June. Plywood climbed to $216 per thousand board feet from $213.

The framing and plywood composite numbers are based on Random Length's *weighted averages of nine key lumber and seven key plywood items.*

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INTERNATIONAL REPORT:

AUSTRALIA

Firm looks to leap warehouse format obstacle

In the United States, they are all the rage. But warehouse home centers have not found their way into the Australian market, although that statement may not be true a year from now.

That is when a 200,000-sq.-ft. shopping complex is scheduled to open in a suburb of Sydney. In this mall, an as yet unidentified Australian company plans to open a 60,000-sq.-ft. warehouse home center, fashioned after either Builders Square or Home Depot.

Executives of this company "were very impressed with the Builders Square operation, and will probably look to copy it," said Ray Jones, the managing director for Dominion Industries, a real estate development firm handling the new complex.

Jones, who has visited home centers in the United States extensively, said there was "no reason" why such a store could not succeed in Australia. However, other industry officials questioned the feasibility of the warehouse concept—which requires high sales volume—in a country whose population they claim won't support a store of that ilk.

There are close to 16 million people in Australia, living almost exclusively along its southest and southwest shores. But only in Sydney does the population density approach three million. Melbourne has between two million and 2.5 million, and Brisbane has one million. Adelaide and Perth each have between 500,000 to one million residents.

In the United States, warehouse stores are drawing customers not only from a city's base population, but also from its sprawling suburbs, as in such markets as Atlanta, Dallas, Phoenix and Chicago. That kind of suburban sprawl does not exist in Australia.

This is the primary reason why home center operators down under have been reluctant to put up a warehouse store. The one store of note—an 80,-000-sq.-ft. unit run by the Bunning's chain in Balcatta, a suburb of Perth—only partially employs the retail warehouse format. "It does a lot of palletized displays, and the store is really magnificent with a huge garden department, but at least a quarter of it is for storage," observed George Richards, general manager for The Cooper Group, the United States tool maker, who is based here.

Other dealers were less sanguine about the prospects for warehouse stores' success in Australia. "Our population just isn't there to support these units," said Jack Miller, general manager-operations for BBC Hardware, an 80-unit home improvement chain, the largest operator in Queensland and New South Wales.

To prove his point, he alluded to the reported difficulties Pick 'n Pay, the South African-based hypermarket retailer, was having to make a go of it in Australia. "The chain is struggling like mad, and it's because our population simply isn't big enough for these high-volume operations."

However, it can reasonably be assumed that a complex of this sort would be a competitive threat to a company like BBC, even if it does nothing more than take a huge chunk of sales out of the market initially.

The lack of an enormous consumer base does not appear to be stopping Dominion and its clients from moving forward with their plans to develop this unusual retail mall, which Jones said will be called "Home Base."

Encircling the warehouse store inside the complex will be myriad specialty shops for such products as kitchens, bath products, tools and other home improvement fare.

In addition, the complex will include an adjacent 50,000-sq.-ft. "permanent exhibition center" for manufacturers to display their full line of hard lines and building products, and for introducing new merchandise.

"Stores are generally only stocking the best-selling sku's of any supplier's line, but in this kind of presentation, the manufacturer can show off everything he makes in a setting where the consumer will be able to go next door and buy," said Jones. He thought that as many as 1,000 exhibitors could participate in this exhibition center.

This shopping complex, which will be on 13 acres and have parking for 550 cars, is also going to be opened seven days a week, which Jones said is unusual for Australia. The area will also include a McDonald's restaurant as an additional customer traffic draw.

Jones explained that, despite the arguments against this kind of complex, including the warehouse, something of this sort is needed in Sydney because "there are virtually no freeways to get around.

Jones said that Dominion currently has three "Home Base" units on the drawing board, scheduled to open in 1985 and 1986. "It is our intention to open as many as we possibly can nationwide," he said, which could spell some heated competition in several markets here.

Leading Australian home improvement companies

Company	Description	Sales (in mil $)** 1984	1983
Mitre-10, Sydney	Australia's 9th largest retailer; 550-member, dealer owned co-op; been in business 25 years; stores range in size from 4,000 to 20,000 sq. ft.	768	NA
BBC Hardware, Sydney	80-unit chain, owned by conglomerate Burns Philp. In 1983, purchased 21-unit Nock & Kirby outlets; stores range from 5,000 to 20,000 sq. ft. with 10,000 sq. ft. yards and 20,000 to 40,000 sku's. 50% of sales from builders.	300	240
McEwan's, Melbourne	42-unit chain, owned by conglomerate Repco; operates three-sized stores: 8,000-11,000 sq. ft. in strip malls, 14,000-18,000 sq. ft. hardware units, and 25,000-40,000 sq. ft. "home centers," with garden centers. McEwan's has been described by some as Australia's equivalent to Sears.	172	156
John Danks, Melbourne	Danks is a wholesaler, dating back to 1857, which operates two distribution centers stocking 25,000 sku's. It sells to 450 retail stores operating under the names Homestead, Homesaver, Thrifty Link and Pro Hardware, the last being indirectly connected to the Pro Hardware buying group in Stamford, Conn.	80*	56*
Bunning's, Perth	An independent chain of 29 stores, which get 40% of their sales from contractors. Stores range from small to an 80,000-sq.-ft. unit.	80	70
Lloyd's Adelaide	With purchase of 7 McEwan's units in Queensland, now has 14 stores; owned by ACI, a glass manufacturer; is said to be perhaps the most innovative of home improvement chains in the country.	30	NA

*Represent wholesale dollars
**All figures in Australian dollars
Source: Company officials; NHCN chart

There are about 4,100 hardware and home improvement stores in Australia, all vying for a piece of the $8 billion retail market. The six largest operations generate nearly 20% of total industry revenue.

Australian companies carving an $8 billion DIY market

(Continued from page 1)

stores over to the home center format."

(One point of irony is that BBC is owned by Burns Philp, which tried unsuccessfully to operate four Bonanza Home Centers in San Jose, Calif., before selling them in January 1983 to Pay 'N Pak.)

Now, most of Australia's "big name" retailing concerns—Mitre-10, Lloyd's (which some here say pioneered the home center concept in this country), McEwan's and Bunning's in the west—are all trying to capture a bigger piece of what is estimated to be an $8 billion DIY retail pie.

"We were impressed by how dramatically the industry has changed over there," said Max Hagerman, president of the nine-unit Essen Hardware in St. Louis, who led a contingent of 14 American retailers on an Australian visit last year. "Everyone is getting on the [DIY] bandwagon."

However, while the evolution of the Aussie market has mirrored the home improvement arena in the United States, England and Canada in many respects, its growth is expected to be limited by a number of factors, not the least of which being its population density.

Australia—the world's largest island and smallest continent—is about the same size as the United States. But its population of around 16 million is only 6% that of America's, with 86% of its people living in the five major coastal cities: Sydney, Melbourne, Brisbane and Adelaide in the southeast, Perth in the southwest.

Because its population is clustered this way, and because its largest city, Sydney, has but three million people, most officials here think it could be some time before a warehouse-style retail operation breaks onto the scene, even though some companies are already experimenting with such a format (see story).

In addition, this demographic alignment has made land precious, particularly in the southeastern states of New South Wales and Victoria.

"Unlike the United States, you just can't find three acres of land to put a store on," explained Miller of BBC. "The types of stores we're running need to go into commercially zoned areas, and that can cost you a hell of a lot." Miller said rents for such stores could go as high as $280,000 per year, "and that really pushes you out of the game because our stores won't generate the revenue to justify that expense."

Another factor indirectly affecting the growth of the home improvement market here is the restrictiveness of the country's building codes. Home building and remodeling standards are considerably higher in Australia than in the United States, and these activities are closely regulated. Consequently, those products targeted for remodeling and renovation have a somewhat narrower consumer base than in other nations.

Hagerman of Essen Hardware pointed out that the stores he visited, in his estimation, carried far less plumbing and electricals than one might find in a United States home center. "The DIY market for products like these is limited because building codes are so tight," he said.

Perhaps a more serious roadblock to more expansive growth of the Australian DIY industry is something that has not even become a reality yet. Government officials in the nation's capital of Canberra are discussing the imposition of a 12.5% retail sales tax, to go into effect this September. Most retailers saw only negative implications for their companies if this tax were enacted.

"One of the reasons we're slightly more pessimistic about next year is because of the uncertainty concerning the sales tax," said Peter Johnston, secretary for the 29-unit Bunning's, based in Perth. "Our retail and contractor business has been buoyant over the past 12 months, but things may not be so rosy next year if this thing goes through," he said.

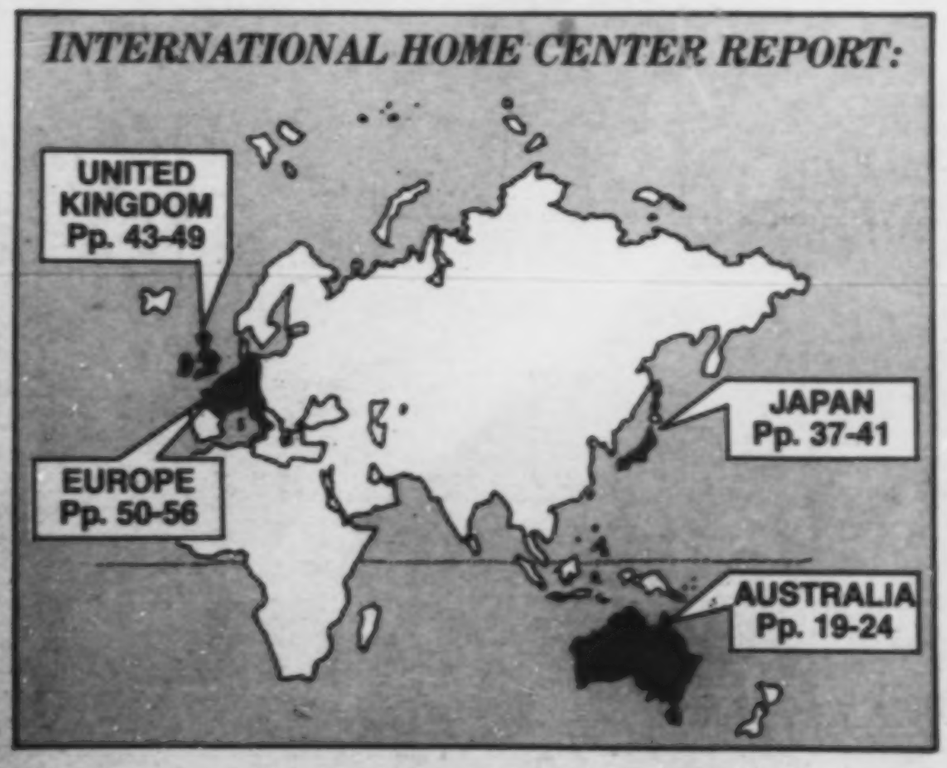
Macroeconomics aside, however, retailers here have other problems closer to home to solve before the DIY market really sings in Australia.

One is what to do with smaller stores. The average home center in Australia, according to industry officials, ranges from 20,000 to 25,000 sq. ft. However, many companies are still saddled with extremely small units that don't give them much merchandising leeway. Mitre-10, the 550-member, dealer-owned buying group that is Australia's sixth largest retailer and spans nationwide, has some dealers with 4,000-sq.-ft. stores. Only 11 of McEwan's 42 outlets in Victoria are bigger than 18,000 sq. ft.

Consequently, it is difficult for these stores to present a representative sampling of "timber," as lumber is referred to here, and building products suitable to the home center format developed in other parts of the globe.

Secondly, most dealers in Australia betray a remarkable lack of knowledge about their competitors' businesses, which was fine when the market was neatly divided, with one chain dominating each state.

(Continued on page 21)



INTERNATIONAL REPORT:

AUSTRALIA

Lack of info hurts; Sunbelt climate helps

(Continued from page 19)

But now some of these companies are looking to break out of their traditional balliwickes. In recent months, Lloyd's expanded into Queensland for the first time by acquiring seven contractor-oriented McEwan's outlets in that market. Officials from both BBC and Mitre-10 said they were hunting for acquisitions of companies in previously unexplored markets.

Limited market information

The one snag in that game plan is that these companies don't appear to know that much about the world outside their own territories. "Until recently, most Australian dealers were flying by the seats of their pants, and successfully," said Robert Jameson, the director of the National Hardware Assn. of Australia. "Now everyone wants to grow, is running lean and mean and wants to do market analyses, but the data are hard to come by because no one was much interested in collecting it in the past."

This lack of available market information is one of the things driving Australian dealers to America to discover what's new. But it appears that dealers who are unequipped with the tools to evaluate the market also could be overlooking important indicators of consumer trends.

"Most of the hardware operations still have not addressed the timber side of the business at all," said Ray Jones, a real estate developer for Dominion Industries in Sydney, who has visited United States home centers extensively. "Retailers here have not kept pace with the market's development, and consumers here are simply not being served as well as they might."

Jones' company is developing a 200,000-sq.-ft. mall, to be opened next year, in which a 60,000-sq.-ft. warehouse home center will operate (*see story*).

Despite some of the problems Australian dealers face as they look to expand their market share, this country's DIY industry has a lot of things going for it that puts these dealers ahead of the game from the start.

For one thing, the industry is, on the whole, stable. "I've been in this business almost 50 years, and I've only really seen one company fall by the wayside," said BBC's Miller. He was referring to Paul's, a four-unit Sydney-based dealer, described by Hagerman of Essen Hardware as having "very excellent stores," which was crippled recently when it lost the leases for two stores, and reportedly has been liquidating its inventory.

Danks told *NHCN* that the era of wholesalers and retailers dabbling in other businesses—his own company once was a manufacturer and industrial supplier—are "just about over, and the industry's better for it."

Some fallout is still occurring sporadically in the industry. The 200-unit Hammer Hardware, for example, was recently sold by Southern Wholesalers to a traditional specialty retailing concern called Jankies, and there's some question about its future. The vitality of other buying groups such as United Hardware, selling 365 small dealers, and Bannar Hardware, both in South Australia, is also a mystery.

But, on balance, the industry appears to be sound, and will remain in the hands of the most powerful corporations and buying groups.

"Sunbelt" climate is a plus

Australia's climate is another plus for dealers here. "We are like your Sunbelt, which allows for year-round home improvement sales," said George Richards, the general manager for The Cooper Group's Austral-Asian office here.

The weather also makes home building, upon which most retailers here depend for at least some of their sales, less cyclical than in colder locales.

Thirdly, Australia, with only modest manufacturing of its own, is a magnet for imports, the sale of which has allowed retailers here to maintain slightly higher gross margins than in the United States.

Australia conducts 50% of its trade with two countries—the United States and Japan—but also has easy and cheap access to every conceivable product made in Taiwan, Korea, the Philippines and China. Consequently, Australian home centers, according to Richards, tend to have "considerable range and variety of product categories, more than you'd find almost anywhere."

He went on to say, though, that the Australian consumer appears more interested in a store's customer service, product quality and POS literature than price, areas where Richards thought home centers here could be doing a better job. In addition, pricing strategies are further complicated because the disparity between white-collar salaries and blue-collar wages is not nearly as wide as it is in the United States.

Dealers here insist they are addressing these consumer needs, and prefer to point to the market's positive factors, mentioned above, as signs of continued growth for their companies.

The buying groups and chains appear poised to expand aggressively: Mitre-10 added 20 new members in 1984 and hopes for the same penetration this year; Lloyd's, having acquired the McEwan's units, also has two new stores going up in Surrey Downs and Elizabeth, So. Australia; McEwan's has three or four "moderately sized" units scheduled to open this year, said company secretary John Plant, and BBC could add six new stores, "probably all through acquisition," said Miller. Bunnings is said to be growing into the previously ignored Northern Territory.

In addition, the industry's "second tier" of companies, mostly independent hardware and lumber stores, appears to be holding its own and then some. The seven-unit A. Hudson in New South Wales is seen as one of the country's most aggressive advertisers; Bowen & Pomeroy, with five stores, is strong in Victoria; James Campbell & Co., owned by Carrick's, a huge timber processor, has shown vital signs again, and Brett's, a four-unit lumber dealer in Queensland, is a recognized factor.

As the editor on one of the industry's leading trade journals put it: "Australia's home improvement market is just beginning to take off on a large scale."

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INTERNATIONAL REPORT:

AUSTRALIA

Government policies impact housing, DIY sales

Australian home improvement retailers appear to have benefited from this country's two-year economic recovery, which has spurred a revival in home building and, more recently, the growth of the DIY repair and remodeling market.

However, several political and economic realities—including the Labor Government's imposition of austerity measures to reduce the country's deficit, a dollar currently worth 66¢ American and a prime interest rate still hovering around 16%—could impact, either directly or indirectly, the profitability and strength of the country's $8 billion home improvement market over the next few years.

Australia, which is almost 6,000 miles from Los Angeles, is a country many Americans know little about, even though it is an important trade partner and military ally to the United States.

The country, at 2,966,200 square miles, is about the same size as the United States, and is divided into seven "states": New South Wales (the most densely populated, whose capital is Sydney); Victoria (where Melbourne is situated); the tiny Australian Capital Territory, or ATC, where the nation's capital, Canberra, is based; Western Australia, the largest state in territory; Queensland, which is known as a vacation area; the sparsely populated Northern Territory, and South Australia, whose main city is Adelaide.

The main industries in the country are mining, farming and some manufacturing, although several companies are making a push to establish Australia as a center for high-tech products.

The country's population stands at around 16 million, and Australia is gaining close to 250,000 per year. Its largest city is Sydney, with close to three million people.

While much of the country's land mass is barely inhabited, particularly the large stretch of desert cutting across Australia's center referred to as its "Outback," the urban centers are dense, and the demand for housing has been strong.

In 1984, single-family unit construction was 99,700, compared with 71,700, a 39.1% increase. For the first quarter, ended in March 30, housing starts of single-family homes were only slightly off to 23,900 units.

"There's such a pent-up demand that people seem willing to buy a home no matter what the cost," said Garry Roberts of the Australian Bureau of Statistics in Canberra.

The cost of an existing home in Australia, as in the United States, varies widely, ranging from as little as $45,000 to $1.5 million. But the median is currently around $85,000 (Australian), according to Michael Stanton, an international banking officer for Wespac, Australia's largest bank with $41 billion in assets.

Stanton, who is based in New York, explained how first-home buyers have been cushioned from high interest rates through what amounts to a Government subsidy which buys down mortgage rates several points below prime. (Currently, they are at 11.5% to 12.5%.)

"The prime may be high, but real estate developers are being hurt more than homebuyers," he said. "This is an important subsidy because interest on mortgage payments is not tax deductible in Australia." Stanton and Roberts also indicated that the Labor Government has recently been making it tougher for new home buyers to qualify for this benefit.

One other factor affecting home prices is the cost of land, particularly in desirable markets like Sydney. In the April 1985 issue of *Urban Land* magazine, it was reported that land alone can constitute 40% or more of the price of a home in some areas, which adds to the price tag considerably.

Homebuilding is just one of several industry segments which have revived since Australians installed a Labor Government, led by Prime Minister Robert Hawke, in late 1983. "The change in leadership appears to have made quite a difference," noted John Keany, the minister of economics for the Australian Embassy in Washington.

In a speech delivered to New York's Asia Society on April 22, Australia's treasurer, Paul Keating, cataloged the fiscal achievements of his Government, which included reducing inflation down to 5% from 11.5% when Hawke took office; reducing unemployment to a still-high 8.8% from 10.4%; seeing the nonfarm economy grow 5.1% last year, compared to 0.9% in 1982.

And, perhaps most importantly, the Hawke Government has reduced the country's deficit as a percentage of its Gross Domestic Product to 3.3%, from 4.3% in 1983.

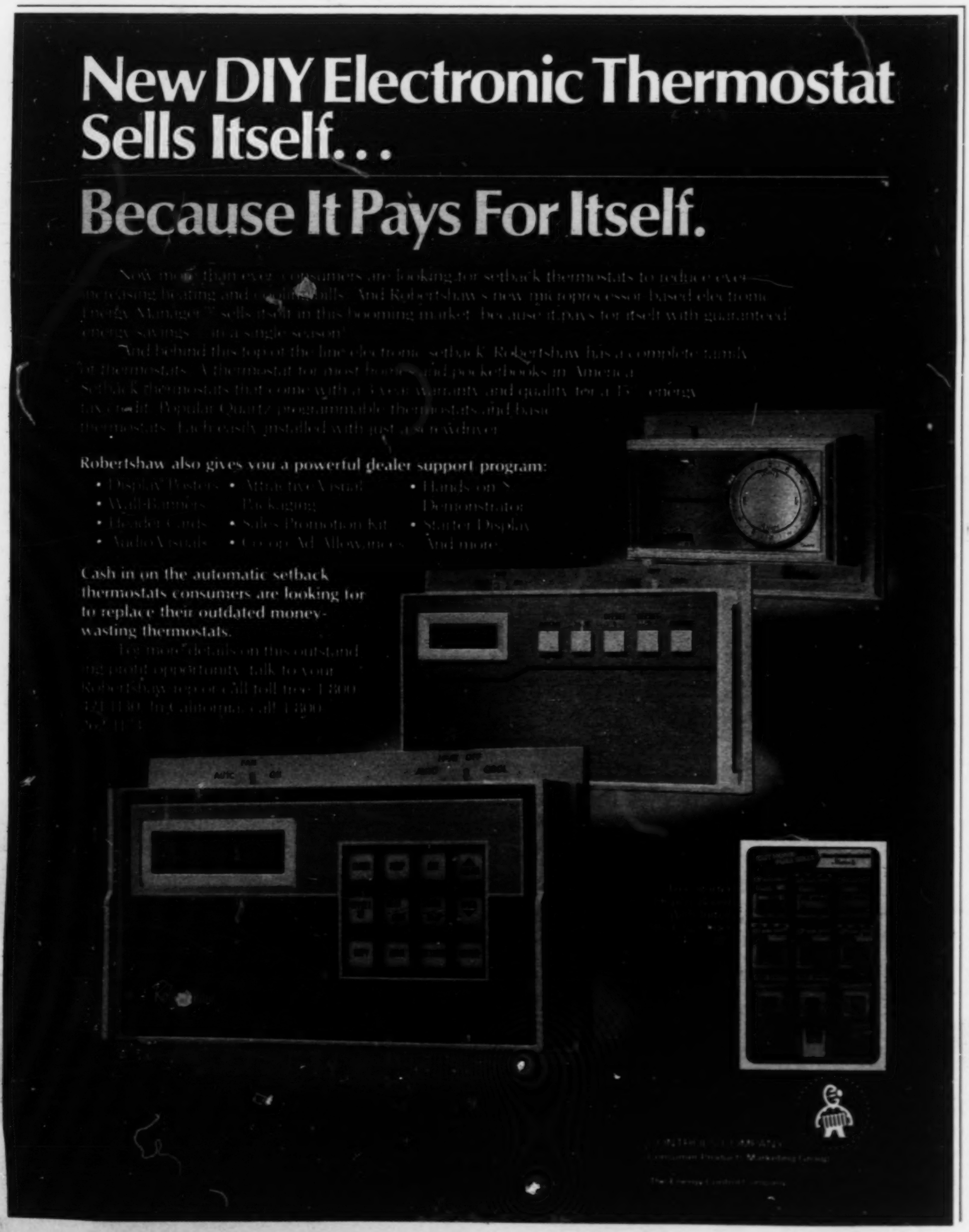
However, Keating spoke at length about the measures his Government has already taken—for example, floating the Australian dollar, which had the effect of devaluing it to 66¢ American from 80¢ at the beginning of this year—and those that still need to be taken for Australia to reduce its deficit.

Already, the Government has taken steps, a la the Reagan and Carter Administrations, to deregulate several industries, including banking.

But Keating's message to his audience was clear: The Australian Government is attempting to do whatever it takes—be it tax reform, renegotiating of labor agreements or cutting social programs—to rein in spending.

Whether private industry fills the void left by the Government in certain market segments will be known only after several months.

However, it appears Australia is in for a period of economic belt-tightening, which may be the long-term solution to its problems, but could, in the short run, cut into the discretionary consumer income home center dealers here are counting on.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INTERNATIONAL REPORT:

JAPAN

Japan's island culture spawns 'fix-it-up' ways

By Phillip M. Perry
NHCN senior editor

When Japanese consumers visit the 8th annual "Do it Yourself Show" scheduled for this city's convention center in September, they will be offered seminars on how to replace faucets, repaper walls and repair automobiles.

The topics of the seminars reflect the nature of a condition which offers both an opportunity and a challenge to Japan's home center industry. While there seems to be a continuing level of interest among the Japanese for small ticket "fix it up" work, there is practically no demand for the big ticket remodeling projects that have recently played an important role in boosting sales volumes at home centers in the United States. Without the clout that sales of such projects play in the retail sales picture, the growth curve of the Japanese home center has begun to diminish.

"We estimate that the industry is growing at a rate of about 10% yearly, compared with about 20% some years ago," said Michiaki Yamamoto, director of the Japan DIY Industry Association, Tokyo. "While the industry is slowing down, it is still doing better than the average 5% growth rate of Japanese industries in general."

A number of forces, said Yamamoto, seem to be conspiring to keep the industry from moving into project selling. The majority of homes in Japan are situated close together, so that adding rooms is often impossible. Many traditional homes are constructed of heavy beams and fragile ceramics—materials difficult for the amateur to handle. As a result, a plethora of professional carpenters—who buy their materials directly from vendors rather than from retail sources—are hired to do what few major remodeling projects are undertaken.

Finally, the high cost of land in Japan has inhibited the construction of homes on tracts of land that are large enough to allow major additions.

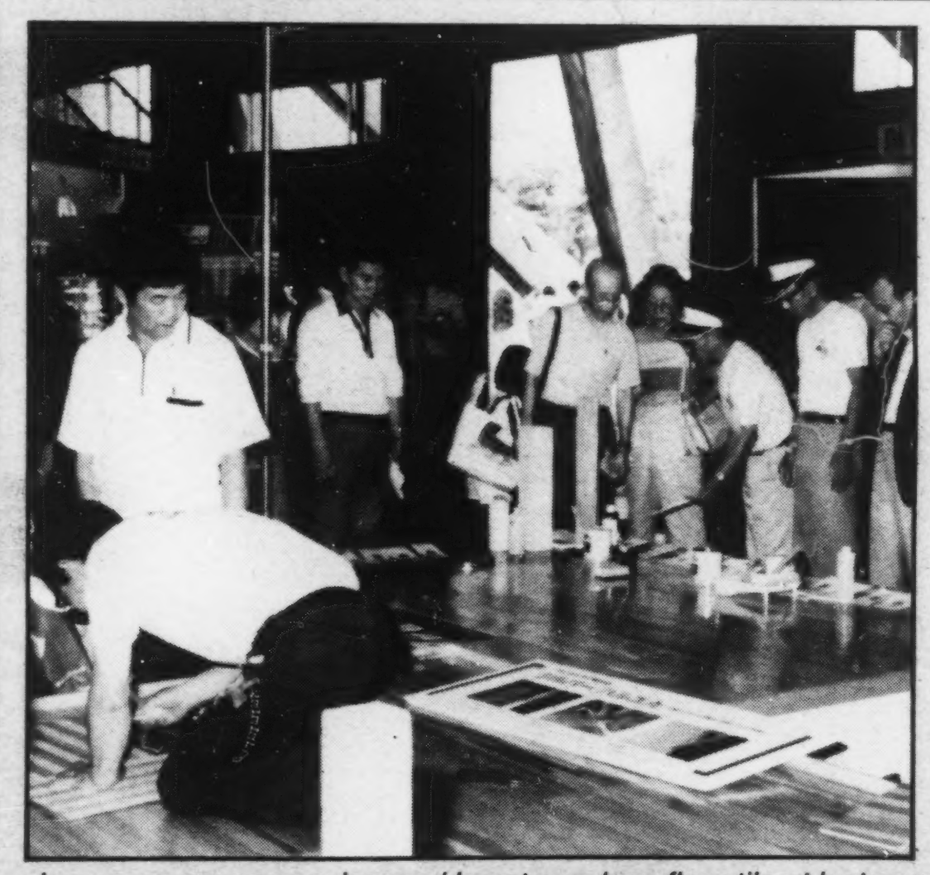
"The big difference [in Japanese home centers compared with those in the United States] is that ours do not have such large quantities of building materials, especially lumber," said Yamamoto. "I understand that for home centers in the United States, about 40% of sales volumes may consist of lumber. In Japan, lumber accounts for about 5% of sales. The reason is that Japanese people do not do the big projects." For the same reason, hardware accounts for only 3.9% of sales, said Yamamoto, and kitchen cabinets and bathroom vanities are absent.

While no one single category of merchandise dominates at the Japanese home center, the categories of automotives and housewares each comprise 15% of sales volume, on the average.

"There are 35 million households in Japan, and the number of automobiles is about the same as the households," said Yamamoto, in explaining the popularity of automotive acces-

(Continued on page 41)

JAPAN DIY INDUSTRY ASSOCIATION



"Day of DIY"

"Do-It-Yourself Show"

Japanese consumers learned how to replace floor tile at last year's "Do-it-yourself" show in Tokyo. The show is scheduled again for Sept. 20 to 22.

Courtesy of Japan DIY Industry Assoc., Tokyo.

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AT A GLANCE:

Japan's DIY ind. projected at $4B in '85

There are some 1,400 home centers in Japan, doing an estimated annual volume of $4 billion (U.S.) in 1985, according to the Japan DIY Industry Association, Tokyo. These figures are about double the size of the industry five years ago, when 670 home center stores did $1.9 billion. The association expects the industry to double again over the next 10 years.

The largest home center chain in Japan is Viva Home Centers, which sold some $196 million worth of merchandise out of 28 stores last year. This represents 4.9% of total home center sales.

The second largest chain is Kahma Home Centers, a $130 million U.S. firm with 22 stores.

There are 15 Japanese home center chains that do over $40 million each.

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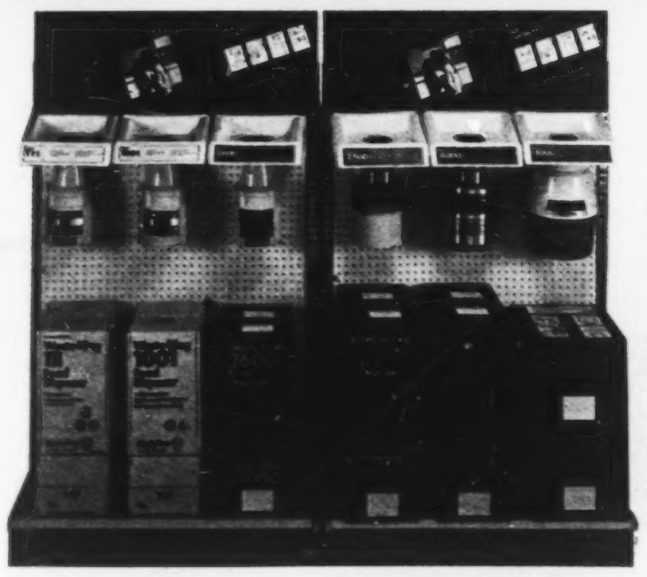

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INTERNATIONAL REPORT:

JAPAN

Japanese DIYers focus on smaller projects

(Continued from page 37)

sories. Waxes, accessories and even some auto parts are carried in the stores.

The strong presence of housewares recalls the roots of the stores in the general merchandise field. So does the nearly total dependance of the stores on consumer traffic.

If the industry recognizes there is little point in attempting to promote big ticket projects in Japan, it has nevertheless instituted some promotions to raise the consciousness of the consumers about the variety of small scale fix-up projects they can carry out.

The September DIY show, expected to draw 115,000 people, is one example. Another is the naming of the first Sunday of every month as "the day of DIY." This promotion, begun last October, involves the use of an insignia in store advertising. Finally, for the second time this year, the association will sponsor a series of DIY classes in 12 Japanese cities.

The association itself, founded in 1977, is seen as a means of raising the public consciousness about home improvement projects. When the association was started, retail membership represented 265 stores. Today, members operate 442 stores. Membership also includes 123 wholesalers and 193 manufacturers.

Top Japanese Home Center Chains

Name	Stores	Volume U.S. $ millions
1. Viva Home Centers	28	196
2. Kahma Home Centers	22	130
3. Keiyo Home Centers	35	120
4. Joyful Honda	5	100
5. Tokyo Hands	7	80

While some chains such as Joyful Honda operate large volume units, warehouse retailing techniques have not yet been introduced in Japan. (Store figures as of mid-1985; volume figures for 1984.)

Source: Japan DIY Industry Assoc., Tokyo. *NHCN* chart.

Home center executives, seen here at last year's "Do-It-Yourself Show" in Tokyo, look upon the annual event as a way of boosting consumer interest in home repair projects.

Courtesy of Japan DIY Industry Assoc., Tokyo.

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One 12" x 31" x 12" cabinet
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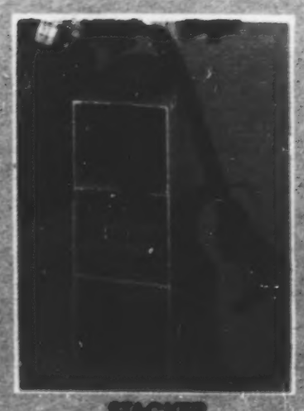

STACKER
Model 91-231—almond finish
Model 91-201—wood grain finish
One 12" x 12" x 30" cabinet
4 stacking connecting pins
Package wt.: 16 lbs.

SINGLE-ARM ORGANIZER
Model 91-331—almond finish
Model 91-301—wood grain finish
One 12" x 12" x 36" cabinet
One 30"–48" expandable rod
4 stacking connecting pins
Expands to 5 ft.
Package wt.: 23 lbs.

SINGLE-ROD TWIN ORGANIZERS
Model 91-431—almond finish
Model 91-401—wood grain finish
Two 12" x 12" x 36" cabinets
One 30"–48" expandable rod
4 stacking connecting pins
Expands to 6 ft.
Package wt.: 42 lbs.

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INTERNATIONAL REPORT:

UNITED KINGDOM

English retailer branches into DIY auto care

By Elizabeth Brent
NHCN field editor

When B & Q opens its "Autocentre" in Doncaster, northern England, in October, customers will be able to service their own cars by renting tools and working in a DIY service bay.

For 160-unit B & Q, the move into automotive DIY is a natural extension of the home improvement business it has built up as the United Kingdom's largest home center chain, with sales of about $390 million in 1984. The company hopes to significantly tap into the U.K.'s auto aftermarket sales, estimated at $3 billion.

B & Q opened its first "Autocentre" in Poole, in western England, in April. The company plans to have nine more of the $350,000 units opened by April 1986. The units will share a parking lot with existing B & Q home centers.

"We see what we believe is a natural extension of DIY retailing, a virgin business," said Malcolm Parkinson, B & Q's marketing director. "People drive into our DIY stores. We will provide them with bays to do car repairs, tools to hire and a store to buy parts."

So far only the Doncaster unit will experiment with DIY service bays. It is not yet clear how long a DIYer will take for various repairs. Therefore setting rental prices is difficult.

Introducing the "Autocentre," even without the self-service bays, presents special problems for B & Q. The company must convince the consumer that he can do auto repairs himself and must provide adequate help. Yet, to maintain its low prices, the company needs to accomplish these tasks without adding significantly to payroll.

This is not an unfamiliar dilemma for home improvement retailers. It is complicated because U.K. auto suppliers are not yet packaging effectively to the consumer.

The Poole "Autocentre" will be the test case to see if B & Q's solution works. It only employs 60 people, although the 25,000-sq.-ft. unit is open 12-hours a day and seven days a week. This staff keeps 18,000 stock keeping units displayed on the shelves, mans the carwash which takes four cars at a time, and provides professional mechanics to repair cars at the six service bays.

B & Q is educating its customers inside the store as well by providing detailed headerboards above departments to educate customers about such things as how a fuel system works. Color-coded leaflets identify the part needed to repair the car and colored flags guide the customer to the proper aisles.

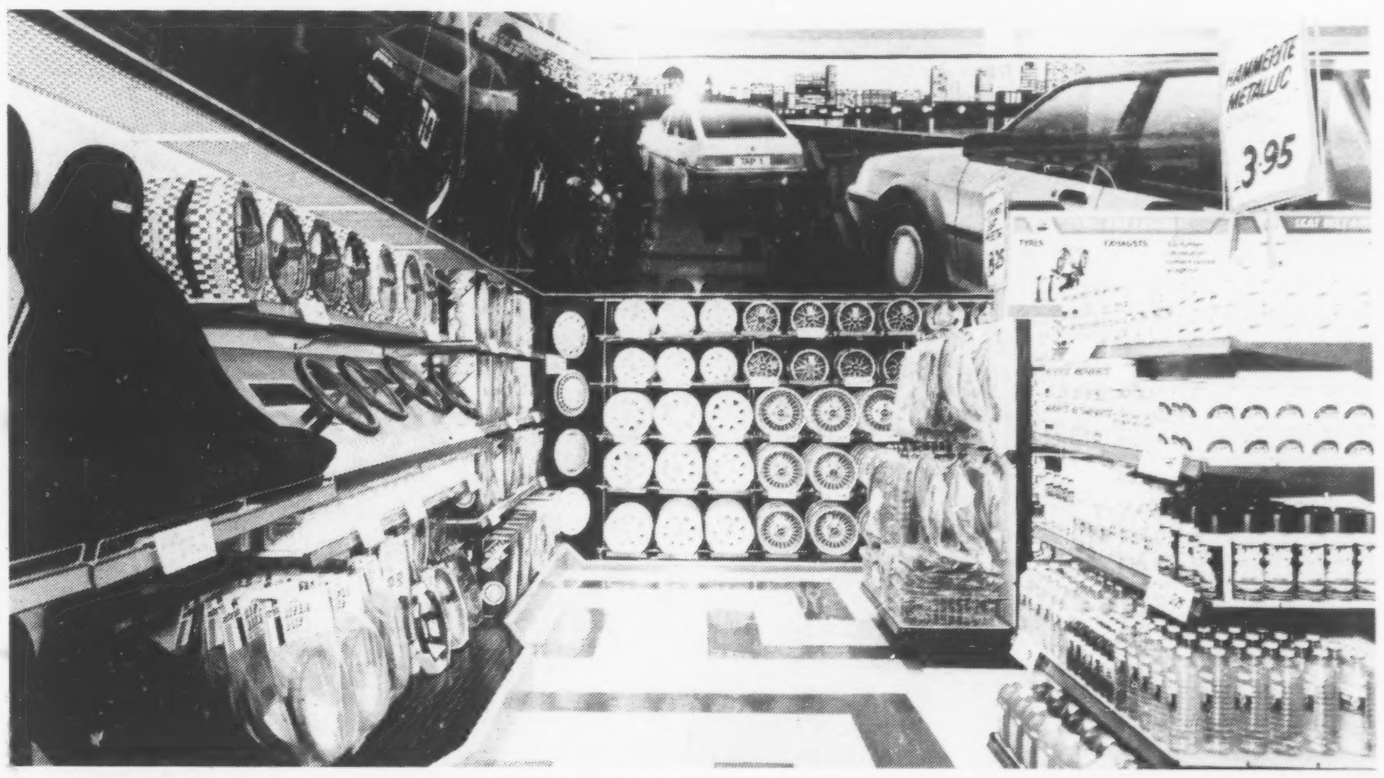
For example, a customer requiring an ignition part for a Ford Escort, picks out the relevant leaflet for his car, model and year, and discovers that ignition parts are colored orange, and walks to the orange flag inside the store, which denotes ignition parts. The customer can easily identify the part, through its see-through packaging which has the car model, and instructions on the back. If the customer needed a brake part, he would have found it in a section color-coded [illegible].

This particular system is known as Select-A-Part and was developed as a direct result of cooperation between the supplier, GKN, and B & Q and is a pioneering venture to adapt car part manufacturers to the DIY concept of self-service.

The "Autocentres' will help B & Q tap a new and growing market and target a wider customer base aged between 17 and 70 years compared with the home improver of 24 to 50. The introduction of the Autocentres may be well timed as car manufacturers are now making automobiles which have longer service intervals and are easier to maintain, according to Geoffrey Pelling, economist with the Society of Automobile Dealers and Traders in London.

B & Q is interested in supplying services and parts to

(Continued on page 44)



Inside the B&Q Autocentre in Poole, England, the home center chain's first venture into DIY auto care, a 24-ft. photographic mural extends at a 45° angle over racks of car seats, steering wheels and hub caps.

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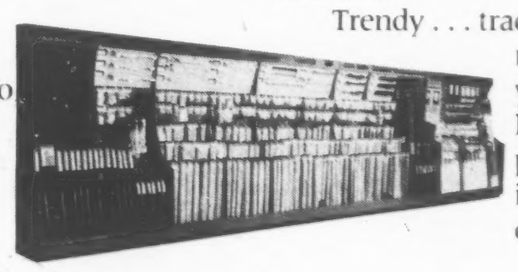

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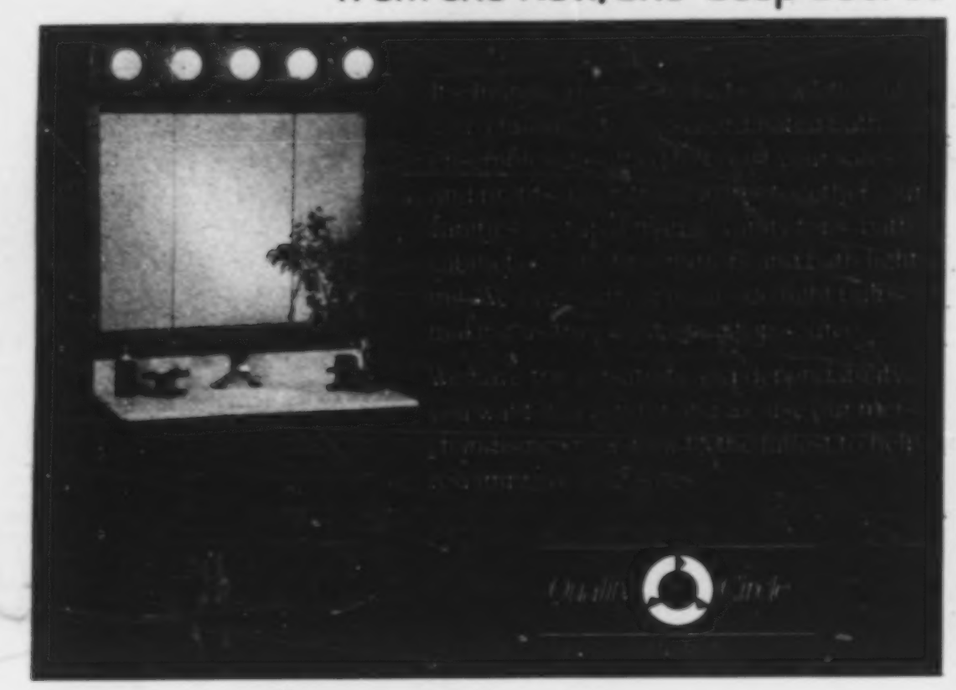

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INTERNATIONAL REPORT:

UNITED KINGDOM

A customer at B&Q Autocentre who wants to have his car serviced comes to a counter to obtain a number and menu which lists the services available. He is then able to browse among the 18,000 sku's of car and bicycle parts while waiting for his number to be called over the public address system in the store.

English retailer branches into DIY auto care

(Continued from page 43)

automobiles which are at least three years old, according to Parkinson, the marketing director. In 1984, 50% of new cars sold, or 850,000 automobiles were "company cars," according to Pelling. After only 18 months or two years the cars are then sold privately and join the 12 million autos on the roads which are over three years old and in need of regular car-care and maintenance.

At the Poole "Autocentre," B & Q will fit a muffler for 60% of the cost charged by the local garage, its main competitor, and 40% of the cost of a specialist chain like Pit-Stop or Kwik Fit Auto. It also provides free tire and battery fittings for products bought in the store and is currently fitting 12,000 tires a week, according to Parkinson.

The six service bays have been kept so busy since the April opening that B & Q has been unable to experiment with renting bays to the do-it-yourselfer. The service bays will be open 24 hours a day from August, instead of the current 8 a.m. to 8 p.m. This will allow customers to drop off their cars for service after work at 6 p.m. and pick them up before leaving for work the next day.

"Shopping is now a leisure activity," said Parkinson. "The whole family wants to do it together," and the "Autocentre" is attractively designed and merchandised to enhance this leisure activity.

Inside the store, for example, a photographic mural, 24 ft. by 4 ft. gives a futuristic view of driving backed by the city skyline at night. The mural, stands above gondola level and comes out of the wall at a 45° angle to give a "womb-like effect," similar to sitting inside a car according to a B & Q spokesman. Underneath, strip lighting emphasizes the racks of steering wheels, wheel covers and hub caps.

The family appeal is emphasized by the large stock of BMX bikes and accessories. These wide-wheeled bikes are a current craze with preteen and teenagers in the U.K. and allow

(Continued on page 49)

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INTERNATIONAL REPORT:

UNITED KINGDOM

Wickes sells West German units to focus effort on other countries

Wickes (Europe), currently reassessing its position in Europe, has sold its total West German operation in a move to concentrate on its divisions in the Netherlands, Belgium and U.K. The 54-unit operation is also examining the home improvement market in France for possible entry by 1987.

The 12 West German units, operating under the name Wickes GMBH, were sold for an undisclosed amount last February to Asko Deutsche Kaufhaus AG, a clothing, sporting goods and do-it-yourself products retailer based in Saarbrücken in southwestern Germany.

"Wickes was very insignificant in a very large market, with a population of around 65 million," said Steve Thomson, communications manager with Wickes, based in London. "It seemed unlikely that we could take a significant share in the market." The sale came at a time when the call for funds was strong from other divisions, notably, the 11-unit Wickes Belgium, and 23-unit Wickes Holland.

Wickes' move out of West Germany came just five months after the introduction of their first "concept" store into the country. The Darmstadt unit, 20 miles south of Frankfurt, was retrofitted at a cost of $500,000 and reopened last October. Although successful in increasing market share, future prospects in the rest of the country looked limited and the decision was made to sell off the division, rather than, as originally planned, to gradually convert existing units into concept stores.

"We got a pretty good price, which more than compensated [for the retrofitting expenses]," said Steve Thomson.

Wickes evolved the "concept store" over 10 years in England and is now introducing it to Europe with local adjustments. It is based on:

- Buying direct from manufacturers to ensure low prices.
- A refined product mix of 3,000 sku's, largely commodity based.
- Unique racking and mechanical handling to ease high inventory turns yet operate low staffing levels.
- 65% to 70% of its private label stock developed by Wickes to ensure market dominance.

With the divestiture of the West German operation, Wickes can concentrate on developing its existing stores in its more dominant markets, like the Netherlands. Here its 23 units operate in a country which had total home improvement sales of just under $2 billion in 1984, according to Louis Tilmant, managing director of Wickes, Belgium and Holland, based in Utrecht, Holland. Among the 23-store operation are three concept stores in Amsterdam, Groningen and The Hague, introduced in 1983, and Wickes plans to add two or three more units over the next few years.

Wickes also operates 11 units in Belgium where total home improvement sales were $1.1 billion in 1984, according to Tilmant who estimates a growth of between 7% and 8% in 1985. Wickes hopes to tap this growing market over the next several years by building four or five new units and will use its own new product development to dominate the market in the growing demand for insulation and roofing products.

Wickes new stores are sited on the periphery of towns to command the large population needed to support its narrow focus on home improvement products. Its expansion policy in the Netherlands, Belgium and the U.K. has been severely restricted by the shortage of suitable sites and delayed by the tight constraints imposed by local planning authorities.

In the U.K., Wickes has lost suitable sites to a new competitor, supermarket chains, which can afford to pay higher prices than the home improvement retailer. Supermarkets are relocating from the traditional sites in downtown shopping centers to more spacious sites just out of town in order to build 40,000- to 60,000-sq.-ft. units with parking lots.

However, Wickes' plan to open two new units shortly, in Cricklewood in the suburbs of London, and the second in a new market, Nottingham, in central England.

By 1986 or 1987 Wickes may have entered the home improvement market in France, according to Tilmant, which he estimated had total sales of $5.7 billion in 1984 and estimates will grow at a rate of between 5% and 6% in 1985.

Retailer branches out into DIY auto care

(Continued on page 44)

the rider to jump over obstacles, "doing wheelies."

A demonstration of the capabilities of BMX bikes will be the main feature in B & Q's next "customer evening." These evenings are held every six weeks partly to educate the potential DIYer and also to attract people into the "Autocentre."

signboard with pictures at its entrance to educate the English DIYer who is not used to automatic cable-drive car washes, or high-powered water jets. The traditional English car washes have brushes that move forward and backward over a stationary car. At present, B & Q's wash handles 1,000 cars a week, but is hampered by the English climate. "We do not do very good business when it rains," said Parkinson in a telephone interview with *NHCN*. "As it is doing right now."

B&Q Autocentres

Children can sit in a Formula One racing car, rented for the occasion; DIYers can talk with the "Car Doctor," and meet technical experts from car part suppliers to discuss the problems of tackling car maintenance. Usually 1,000 people attend these evenings held between 6 p.m. and 8 p.m. Free hamburgers and soda provided.

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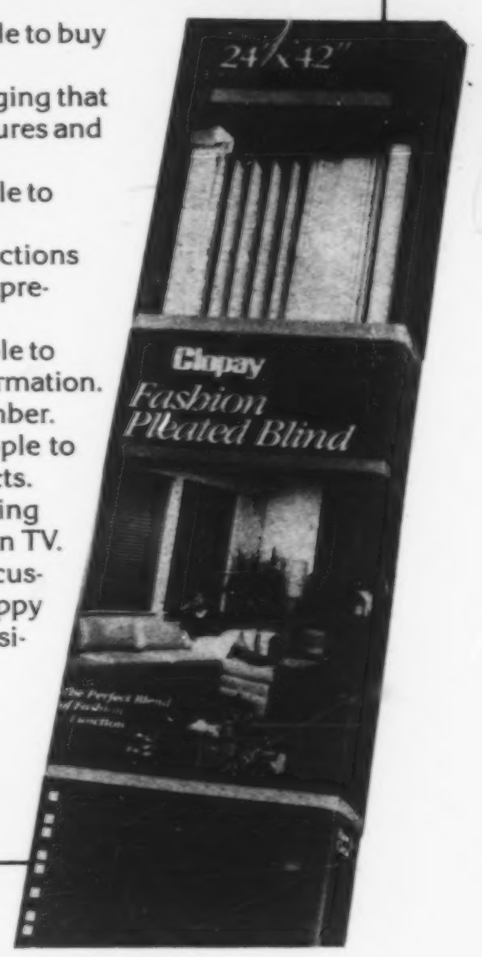

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INTERNATIONAL REPORT:

EUROPE

DIY sales in Common Market to hit $30.5 bil.

By Laura Liebeck
NHCN field editor

In 1986, the 10 European countries comprising the European Economic Community are expected to post $30.5 billion in DIY sales, nearly $6 billion more than in 1982, according to a Frost & Sullivan report completed this year.

The growth projected for next year and every year through 1988—a composite of 5% per year—should be fuled by a growing number of companies entering the DIY market and the greater acceptance of the DIY concept among Europeans.

This atmosphere has seen the surge and growing dominance of chains and franchise retailers and the decline and role change of the neighborhood independent.

Although each of Europe's markets are not growing at the same rate, Europe as a whole is experiencing changes common to all 10 countries, noted Frost & Sullivan. Those countries are West Germany, the United Kingdom, Ireland, France, Denmark, Italy, Greece, Belgium, Luxembourg and The Netherlands.

Throughout the continent, the DIY market is shaped by the changing economic climate, energy conservation, high unemployment, housing shortages and centuries-old buildings, which have forced homeowners to fix-up their homes but with carefully spent earnings.

European DIYers are not as ambitious as their counterparts in the U.S. They are more oriented toward renovating and decorating the interior of their homes, particularly painting and adding new furnishings rather than improving the exteriors.

Through 1988, home insulation and conservation products and DIY furniture kits will be especially strong for all 10 countries, the report noted.

Additionally, the appetite for all DIY products has created "price wars," among the retailers commented Louis Tilmant, managing director of Wickes Belgium and Holland, headquartered in Utrecht, Holland. This environment has stirred the consumer "to drive a few kilometers to get better prices," he added.

"During the very late 1980's, a further surge of growth is anticipated as enthusiasts come to terms with increased leisure and gain confidence in their income base," noted the Frost & Sullivan report.

It is this growing confidence in the stability of the local economies and the promise of more leisure time that should eventually free up household money for home improvement projects, the fastest growing segment being home insulation and conservation, which, from 1982 to 1988, is predicted to increase 110% to nearly $1.5 billion.

Furniture and other DIY kits are projected to grow 57% over the forecast period to more than $2.8 billion, overtaking painting projects in 1986 as the biggest DIY category.

Greece will experience the most dramatic increase of all 10 countries, the Frost & Sullivan report stated, but it is working from a very low base. By 1988, Greece is projected to tally $266 million in DIY sales, a 60% increase from 1982.

In contrast, West Germany, the most industrialized of the European nations, will record a 27% increase over the same period, evidence of its market maturity.

Greece, unlike most other countries except Italy, is very slowly moving toward acceptance of DIY projects, slowed down by the widespread belief that work around the home is the woman's domain and beneath the dignity of a man to undertake.

Another change occurring in Europe is the swing away from dependence on local or "high street" stores which can no longer provide the breath of selection available through the multistore companies like Wickes Europe, the M. Bricolage group in France and Hubo in West Germany.

Tilmant noted that the small stores are "disappearing systematically." They are being forced to specialize in such products as tools and machinery, answering specific consumer needs, if they are to survive.

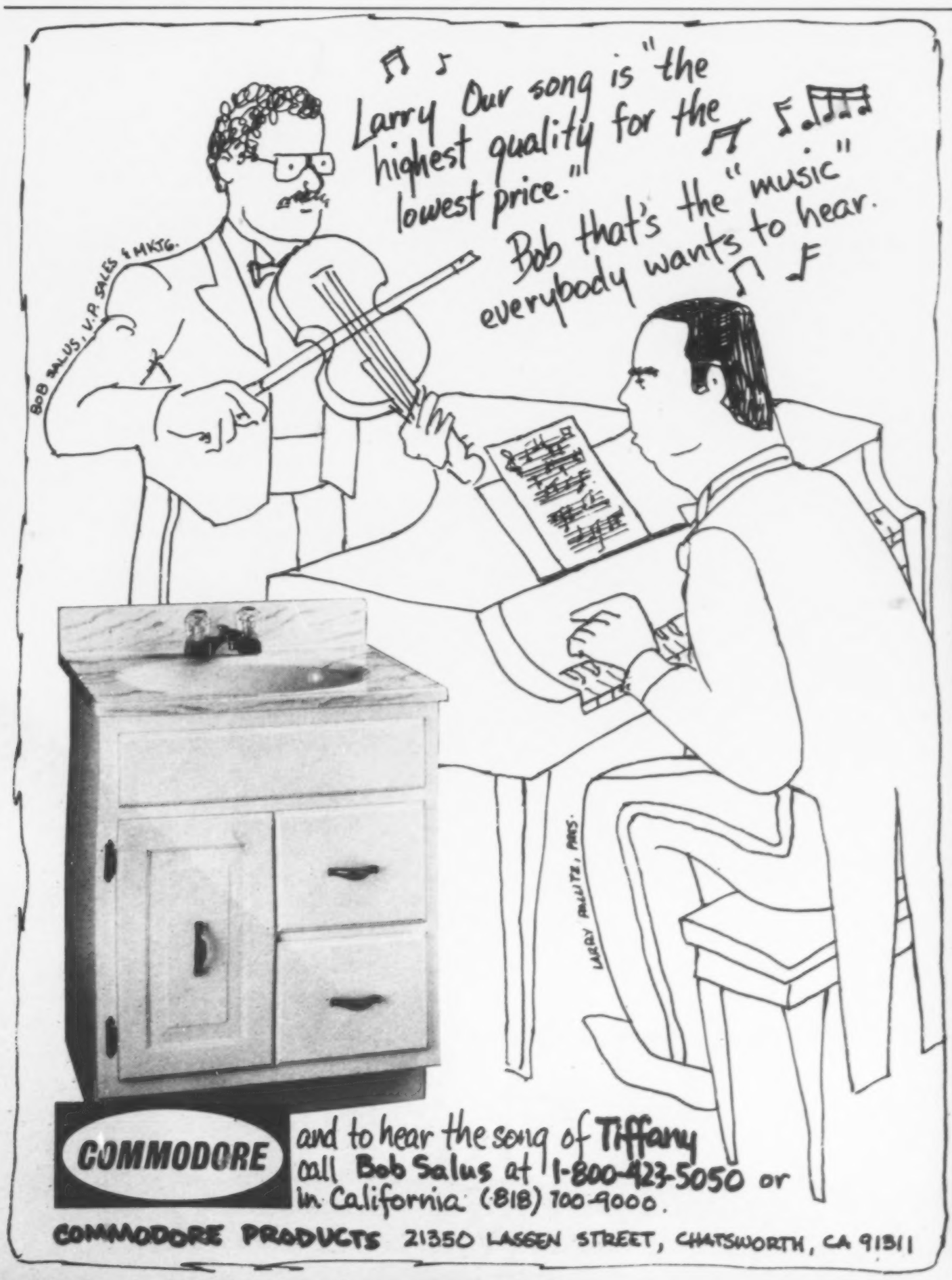
DIY activity is still largely thought of as a hobby market in Europe, but the serious proportions of its potential are recognized by the multinationals which are increasing their presence in many markets. Also, there is increased trading among the EEC countries.

European Economic Community
Demand for Do-It-Yourself Products
(in million $)

Product	1982	1986*	1988	% Change 1982-88
Paint & Emulsion				
Interior	1,347	1,684	1,844	+ 37
Exterior	583	720	762	+ 31
Total paint	1,930	2,404	2,606	+ 35
Wallpaper	1,645	1,855	2,016	+ 23
Other wallcoverings: Plastics, Tiles etc.	882	1,179	1,288	+ 46
Floor tiles	857	1,092	1,231	+ 44
Sheet vinyl	738	893	973	+ 32
Boards Branded (brand name stamped)	1,161	1,429	1,583	+ 36
Adhesives & Sealants	365	492	538	+ 47
Ironmongery (hardware)	333	423	462	+ 39
Furniture & Other DIY Kits	1,805	2,562	2,842	+ 57
Insulating & DIY glazing systems	707	1,284	1,482	+110
Portable Tools	850	1,123	1,230	+ 45
Other Product Groups Branded & Unbranded	13,665	15,830	16,927	+ 24
Total	24,938	30,566	33,178	+ 33

*Projections based on 1982 U.S. dollars
Source: Frost & Sullivan, January 1984

Demand for do-it-yourself products is projected to increase from a minimum of 24% to as much as 110% in 1988 from 1982 levels for some product categories. Figures are for the 10 nations that were members of the European Economic Community in 1982.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INTERNATIONAL REPORT:

EUROPE

Not much in common in Europe DIY markets

Despite the fact that DIY-related activities are increasing across Europe, the home improvement market and the profile of the DIYer is different in every country.

Fueling the differences are the size and wealth of the nation, age and quality of the existing housing and the rate at which new homes are being built, and the level of industrialization available, among others.

In addition, the rate at which the DIY market will expand over the next several years, also will vary, according to a Frost & Sullivan report completed last year. The highly industrialized nations of West Germany and United Kingdom, which have mature DIY markets, are projected to grow at a much slower rate than the countries of Ireland and Greece which are just now discovering DIY, the report said.

The differences break down as follows:

West Germany

West Germany is the most industrialized of all the European nations, in addition to being the wealthiest and the most populated. It also was the hardest hit during the Iranian oil crisis of 1979 and 1980, which continues to slow down the expansion of the market and which has forced production adaptation. In addition, the need for new housing has slowed, as has the formation of new households, noted Frost & Sullivan.

Despite the economics, West Germans are increasingly more involved in DIY, particularly in painting, wallpapering and floorcoverings. Two growing segments are DIY furniture and insulation projects, projected to grow by 50% and 100%, respectively. The use of adhesives and sealants also are expected to grow rapidly through 1988, by 60%, according to Frost & Sullivan.

In addition to the growing interest in DIY activities, Germans are also interested in shopping for their materials in large supermarket and hypermarket units where they can get the range of products and at lower prices.

This behavior has also seen the increase in the number of DIY outlets from 500 in 1979 to more than 2,500 and growing, noted Frost & Sullivan.

United Kingdom

Despite its own economic troubles of high inflation, unemployment and declining exchange rates, the U.K. is still one of the "Big Four" in Europe and a leader with respect to DIY activity.

A growing proportion of the country's 56.3 million people—estimated by the European Economic Community in 1982—are involved in some kind of home improvement activity. Unlike most other Europeans, however, the British spend a lot of their leisure time outside caring for their gardens, making that their No. 1 hobby. Next, though, are home improvement projects and interior painting jobs rank as their favorite undertaking.

Wallpapering and other types of wallcovering have been declining steadily over the last few years but increases in vinyl and cork tiles are gaining in popularity.

The conservation fever has hit the U.K. and is predicted to increase 135% between 1982 and 1988, according to Frost & Sullivan. Furniture and other DIY kits are also expected to increase substantially, 62% through 1988.

France

With an economy larger than any other European nation, France has a population roughly the size of U.K., 56.6 million people, and exhibits its individuality in most things its people do, including DIY.

It is a nation composed of homes that split the primary and secondary markets equally, with the secondary or vacation home, being the prime recipient of the DIY expenditures.

The French take their DIY activity seriously and are willing to spend more money for the desired look. They, unlike many other European nations, prefer wallpaper to painted walls and are expected to chart a 50% sales gain in wallpaper between 1982 and 1988, reflecting the largest area gain next to insulation products which should rise 80% through 1988.

France also is a country with a large number of retail outlets, and a growing number of them are DIY stores. Frost & Sullivan estimates there are several hundred DIY-related units in the country, a growing number of which are large supermarket or hypermarket stores reflecting the expanding size of the industry and the number of competitors.

Belgium/Luxembourg

These countries are often

(Continued on page 56)

European Economic Community: DIY sales

Demand for DIY products 1982-88*

Country	1982	1986	1988	% Change 1982-88
West Germany	$8,430	$9,949	$10,676	27%
United Kingdom	5,434	6,749	7,164	32
France	5,602	6,778	7,452	33
Italy	2,765	3,733	4,235	53
The Netherlands	1,417	1,771	1,880	33
Belgium/Luxembourg	671	789	884	32
Denmark	313	383	417	33
Ireland	140	178	197	41
Greece	166	236	266	60

*In millions, 1982 U.S. dollars

Source: Frost & Sullivan

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INTERNATIONAL REPORT:

EUROPE

Disparities abound across Europe's DIY marketplace

(Continued from page 52)

grouped together because Luxembourg is so tiny, 365,000 people in 1982. Belgium, however, has a population of 9.8 million alone.

DIY sales, which are split equally between decoration and renovation, were about $1.1 billion last year and are expected to increase 7% to 8% this year, estimated Louis Tilmant, managing director of Wickes Belgium and Wickes Holland Companies.

The increases will be largely in insulation and roof covering products, which Frost & Sullivan predicts will jump 100% by 1988, because of the country's few indigenous energy resources and rising energy costs.

The Belgians are fond of heavy wallcoverings such as vinyl, textures and tiles and use these materials throughout their homes.

This trend toward home decoration has precipitated the increasing specialization of DIY stores, many into paint and wallcovering shops, mostly located in the larger cities.

The Netherlands

Because of the age of the houses in Holland, the country is largely a decorator DIY market, according to Tilmant. Most of the houses were built after World War II and therefore need fixing-up not renovation.

Tilmant is predicting that the slightly less than $2 billion in DIY sales recorded last year will increase 5% to 6% in 1985 due mostly to such decorator purchases as paint, and also building materials.

Although Holland has a supply of natural gas, those quantities are dwindling and Frost & Sullivan is predicting the sale of insulation-related products will rise 90% through 1988 to $278 million, even though these projects are not a popular DIY activity now.

The next largest project increase will be in DIY furniture which is expected to increase 70% through 1988.

Denmark

With a population of just over 5.1 million people, Denmark is the second richest country in the European Economic Council and boasts an affluent standard of living which has impacted its feelings on DIY.

Danes generally won't undertake a DIY project unless it can be completed expertly. They also demand high quality materials for all their projects.

The Danes have shied away from DIY furniture kits and wallpapering jobs because of perceived lower quality standards of the materials but are undertaking more jobs involving ceramic tile for both wall and floor coverings.

The world-famous Danish furniture makers have affected DIY sales in such categories as adhesives and sealants, various kinds of wood products and hardware, called ironmongery in Europe, where substantial sales increases are expected through 1988, according to Frost & Sullivan.

The biggest increase, 200%, will come in the insulation and energy conservation sector of DIY purchases, where there is considerable interest in improving in-home quality standards.

Ireland

Larger only than Luxembourg, Ireland, known in Europe as Eire, is the poorest of all EEC countries.

The largely agrarian society has had DIY activity for years, although it was tied to farming. Only now is do-it-yourself coming to mean home improvement work around the home.

DIY is growing in popularity, although available money for projects is minimal. When funds are available, the Irish seem to enjoy most all segments of DIY particularly painting and wallpapering, DIY furniture kits and toolwork. When they shop, they also prefer small, local stores.

Energy conservation is a major issue in Ireland. Frost & Sullivan is projecting insulation and DIY glazing systems sales will increase 200% through 1988 following closely by 100% increases in hardware and DIY furniture kits and 50% in adhesives and sealants.

Italy

The Italian DIY market has been slow to evolve due mostly to male rejection of work around the home as beneath his dignity. Although this attitude is changing, "slowly," noted Guido Badino, assistant trade commissioner for the Italian Trade Commission in Chicago, remnants of that emotion are strongly rooted in the society.

Badino said as the men do more projects "it gives them pleasure, they become more satisfied and it encourages them to do more."

Their DIY job of choice is painting, by far the largest DIY activity in Italy.

Also popular are ceramic tile for the floors and walls, DIY furniture kits, and home insulation projects spurred on by high energy costs.

Italy is projected to have very high sales and activity increases in all segments of DIY behavior as the hobby catches on throughout the country. Particularly large increases are due in insulation projects, 150% by 1988, furniture kits, 100%, and 80% each in wallcoverings, adhesives and sealants and hardware.

Greece

A lot of Greece's DIY work is still done by local handymen, according to Frost & Sullivan. And like Italy, only more so, Greek men find activities involving the home to be demeaning.

It is because relatively little DIY projects are undertaken, $14 million in 1982 growing to $20 million next year and $22.6 million in 1988, Frost & Sullivan is projecting large increases over the forecast period.

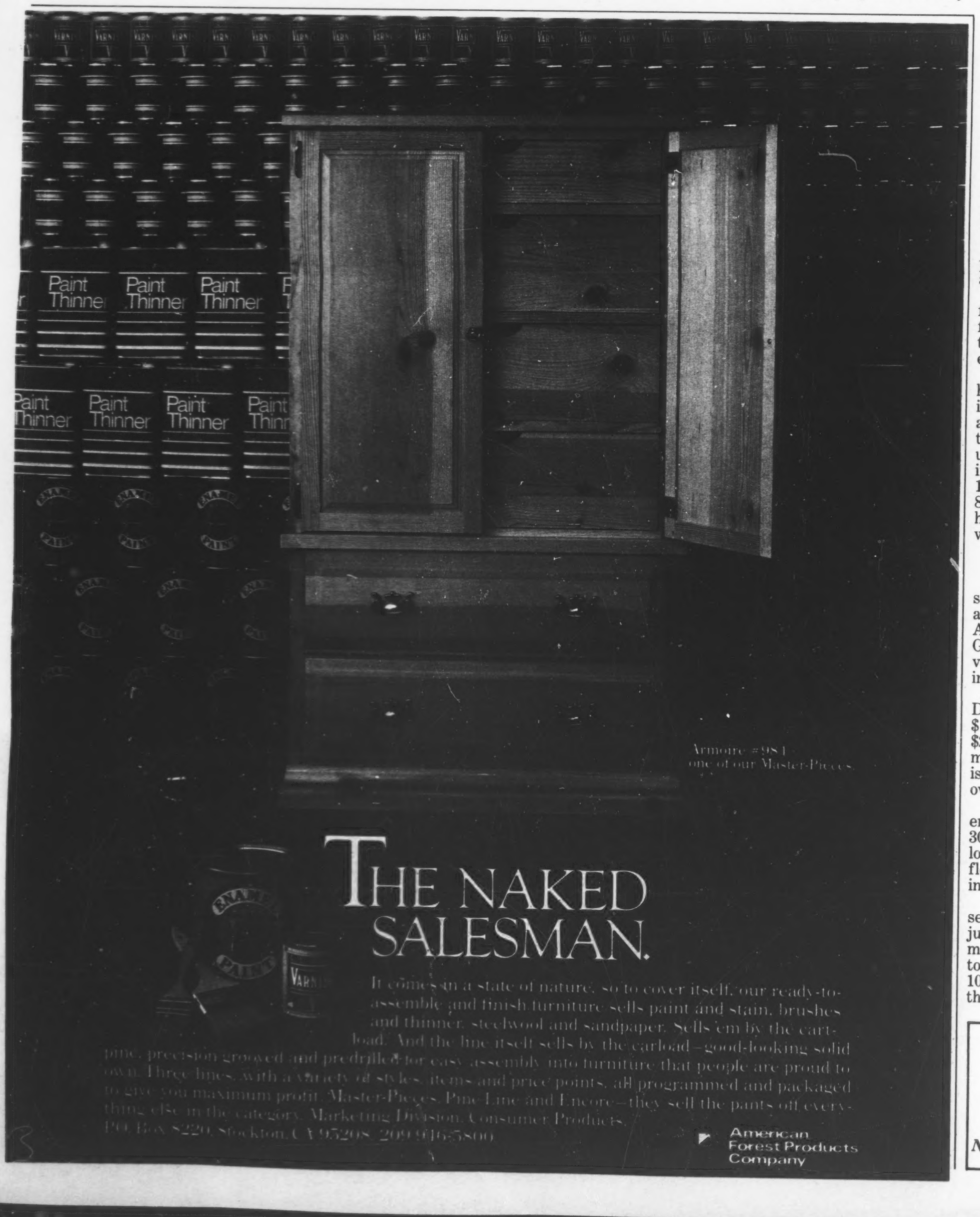
Greece is projected to experience the biggest sales increase, 300%, in DIY furniture kits, followed by a 140% increase in floor tiles and a 130% increase in wallcoverings.

Insulation and energy conservation work is expected to jump 100% over 1982 to $850 million in 1988 and hardware, too, is projected to increase 100%, but to $170 million over the forecast period.

PEOPLE

every issue in

National Home Center News


Paint Thinner
Armoire #981
one of our Master-Pieces.
THE NAKED SALESMAN.
It comes in a state of nature, so to cover itself, our ready-to-assemble and finish furniture sells paint and stain, brushes and thinner, steelwool and sandpaper. Sells 'em by the cartload. And the line itself sells by the carload – good-looking solid pine, precision grooved and predrilled for easy assembly into furniture that people are proud to own. Three lines, with a variety of styles, items and price points, all programmed and packaged to give you maximum profit. Master-Pieces, Pine Line and Encore – they sell the pants off everything else in the category. Marketing Division, Consumer Products.
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ADVERTISING & MARKETING

Yellow Page complexity proves retail headache

By Marcia Spires
Special to NHCN

NATIONAL REPORT — While consumers may regard the Yellow Pages as the Bible of where to shop, many home center retailers regard them as little more than a headache.

Retailer complaints include ever-increasing advertising rates, the complexity of buying of Yellow Pages ads and lack of firm information on how effective the ads actually are.

But the retailers interviewed all continue to use Yellow Pages advertising. Why? Because they feel they must be where the competition is advertising. And they hope to benefit from the statistic supplied by Jeff Miller of National Yellow Pages Marketing Services in Milwaukee: 89% of the population refers to the Yellow Pages each year, to the tune of 16 billion times.

The actual expenditure on Yellow Pages ads by home center retailers typically ranges from barely 1% to under 5% of the overall annual ad budget.

But deciding how and where to spend this small piece of the ad pie is so time-consuming and complicated that many retailers farm out the legwork to ad agencies, consultants and Yellow Pages agents like Jeff Miller.

The complications stem from the fact that there is not just one publisher producing one set of Yellow Pages directories, with one deadline. There are 150 different publishers, with Reuben H. Donnelley, originator of the Yellow Pages, the largest. There are over 6,000 editions of the Yellow Pages directories published in this country, according to Jeff Miller.

Each of these individual directories can have different closing deadlines for ads. And there can be an overlap (or gap) in the geographic areas covered.

In addition to the geographic editions, there are over 100 specialized Yellow Pages directed at particular segments of the population, such as senior citizens (the "Silver Pages"), Spanish-speaking people, doctors, engineers and architects. Many retailers are tired of letting their fingers do all this walking.

Payless Cashways, Kansas City, Mo., is embarking on a new program to bring its Yellow Pages expenditures under central control. Previously, each store manager decided the size, format and edition to use for ads in his market area. Now, Payless wants to get a more uniform approach and look in its ads across the corporation.

With all this competition, some areas of the country practically have a Yellow Pages war going on. Chicago, for instance, has nine different Yellow Pages books delivered to some neighborhoods. Competition for ad placement is vigorous.

"The ad rates keep going up and the Yellow Pages publishers can't support the increased rates with solid circulation figures," said Dan Nikolich, advertising director of Edward Hines Lumber, Chicago.

"The circulation figures can be misleading, at least in this area," he said. "I have three phones at home and I get three Yellow Pages books. The circulation figures don't mean each volume reaches a different household."

Retailers cutting back

Hines Lumber and other companies are reducing their Yellow Pages commitment.

"We have been cutting back on the size of our ads for the last 20 years, without noticing any diminishing sales," says Nikolich.

One year, by mistake, O'Malleys, of Phoenix, forgot to put an ad in the El Paso edition. The sales that year "were in the substantial double digits" above the year before for that store, said Perry Steinhoff, advertising manager. And sales went up again, the following year, before the omission was noticed. O'Malleys still spends $30,000 to $35,000 per year, or about 1% of its ad budget, on Yellow Pages ads, said Steinhoff. "It causes much more trouble than the money it costs."

'I can't tell if the ads draw customers or not. I have absolutely no feel about it at all, and I've been in the business 40 years.'

—Len Rosenfield,
director of advertising,
All American Home Center

All American Home Center, Downey, Calif., has also backed off in its ads. "We spend less than we did a few years ago, before all the upheaval with the various editions," said Len Rosenfield, director of advertising.

"I can't tell if the ads draw customers or not," he added. "I have absolutely no feel about it at all and I've been in the business 40 years." He feels the only accurate way to verify that responses are from the Yellow Pages is to install a separate telephone line for the number listed in the Yellow Pages.

"There is no way we can check whether customers are pulled in by these ads," agrees Bob Fant, director of advertising for Scotty's in Winter Haven, Fla. "But we have to match or exceed what the competition is doing."

"They seem to have a compulsion to have a 7½% to 9½% rate increase year after year, with no evidence of increased materials costs for the ads," said Rosenfield at All American Home.

"The Yellow Pages ads are really just a thorn in the side to any retailer," said Steinhoff, "but they're more important to the smaller retailer. The whole thing is a squishy, squirmy topic."

Store name awareness key benefit

Still, most retailers admit these ads have a legitimate part in their ad programs. Keeping the store name in the customer's awareness and keeping up with competition are the main factors. The ad managers used different strategies to accomplish their goals.

(Continued on page 68)

mr. good buys
MORE OF THE BEST...
FOR A WHOLE LOT LESS!
EXPLOSIVE GOODBUY SPECIALS GOOD THRU SAT. JULY 13
Now you can buy our
$94.00
Power Roller
for Only
99¢
(Yes, you read it right—99¢!)
WAGNER
BATH VANITY
20"x17" Vanity complete with cultured marble top and base.
$27
BOX FAN
SAVE 31%
20" portable fan features rotary switch and five plastic blades.
$16.66
When you buy 12 gallons of mr. goodbuys new interior or exterior latex paints, including 8 yr. guaranteed wall, house and semi-gloss enamel and 12 year guaranteed Severe Weather and One & Only, we will sell you the Wagner

As part of a two-week promotion, Mr. Goodbuys offered a Wagner Power Roller for 99¢ with the purchase of 12 gal. of paint.

Goodbuys kicks off paint promo with dollar power roller

PHILADELPHIA — Customers in Mr. Goodbuys' Philadelphia stores could buy a Wagner power roller, worth $94, for just 99¢ with the purchase of 12 gal. of Mr. Goodbuys new high-end paint, during a two-week promotion that ended July 13.

The promotion focused attention on the new eight-year, guaranteed paint lines, produced by Enterprise paint and marketed under Mr. Goodbuys own label, and uses co-op advertising money accrued from Wagner in the ROP and circular ads which support the promotion.

To qualify for the purchase of the 99¢ Wagner power roller, model 5001, a customer must buy 12 gal. of paint from among the four high-end lines offered, which include the eight-year guaranteed flat wall and house paint, semigloss enamel paint, or the 12-year guaranteed "one and only" paint. Customers may mix and match any combination or color of these paints, which range in price from the exterior flat latex paint retailing at $12 to the "one and only" interior latex product retailing at $25.

"The initial impact [of the promotion] is encouraging," said Steven Erlbaum, chairman of the seven-unit chain, at the beginning of the campaign.

(Continued on page 68)

New manufacturer studies show insulation market not saturated

NATIONAL REPORT — The insulation market is far from saturated according to two national reports sponsored independently by Owens-Corning Fiberglas in Toledo, Ohio, and the Manville Building Materials Division, in Denver.

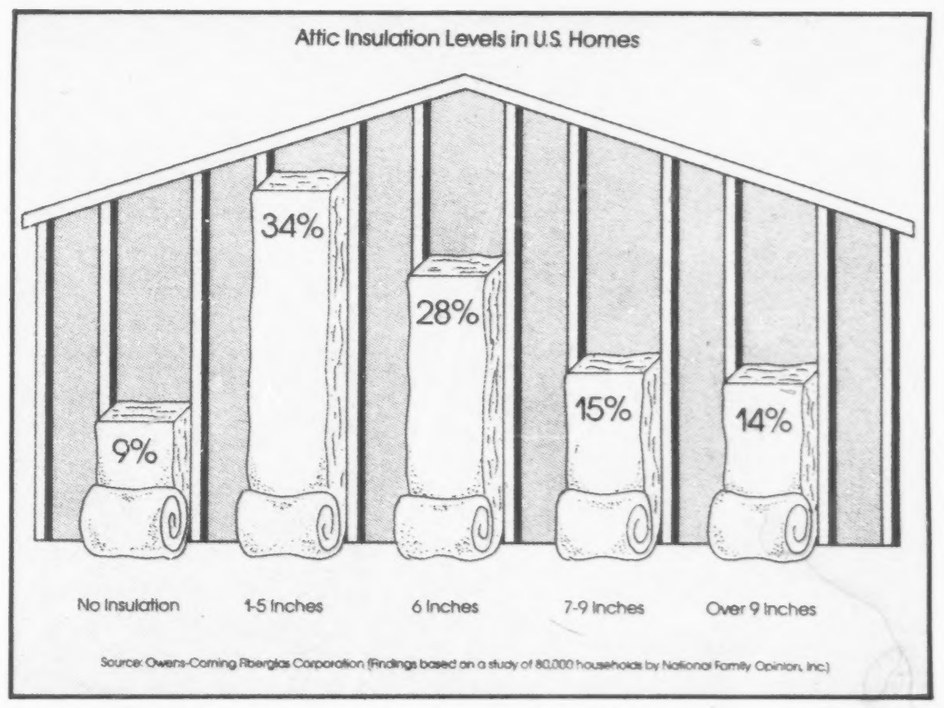
The surveys, later conducted by National Family Opinion, show that a large number of homeowners still have inadequate attic insulation and some have none at all, but the potential customer is not necessarily the one with the least insulation but rather the one who perceives the need to add insulation. Although the decision to add insulation is influenced by the wife, and rising fuel prices remain the primary factor behind insulation projects, it is the male do-it-yourselfer who most often makes the brand decision.

Of the 80,000 homeowners surveyed by National Family Opinion for Owens-Corning, 43% had less than the recommended 6 in. of attic insulation and 9% had none at all. Nationally, respondents from the Southwest had the lowest levels of attic insulation.

The homeowners with the least insulation included nearly half the retired people surveyed, and over half the unmarried homeowners. These two groups were the least likely to add insulation. Only one-fifth of the retired households felt the need to add insulation and female heads of household saw very little need to insulate.

"Ironically, the people that feel the least need to add insulation are the people that need it most," said Mark Packer, senior research analyst for Owens-Corning.

The survey found that 27% of homeowners felt a need to add attic insulation and that the potential customer was strongly represented among blue-collar and white-collar workers.



Of the 80,000 homeowners surveyed by National Family Opinion for Owens-Corning, 43% had less than 6 in. of attic insulation and 9% had none at all. The Southwest was the region with the least amount of attic insulation. Retired and single homeowners had the least amount by demographic grouping.

Manville's survey confirms this finding. Among the 57% of the homeowners surveyed who were thinking of adding insulation, blue- and white-collar workers were again strongly represented. The consumer most likely to buy insulation was identified as male, married, a do-it-yourselfer interested in saving money, and between 35 and 54 years of age.

Manville surveyed 300 homeowners who had not added insulation since 1977, and 300 homeowners who had added insulation, selected from a National Family Opinion panel. The survey concentrated on identifying future consumers, and finding out where and why they bought insulation.

Although the woman often influenced the decision to add insulation, it was the man who chose the brand and bought the product, often looking for special sale prices before making his purchase. He chose to shop where he had bought materials for past DIY projects. Once in the store, the consumer would buy the brand available. The survey showed that insulation remains a commodity item, consumers will not shop around for a specific brand.

Escalating fuel prices continue to be the main reason why people add insulation. In the Owens-Corning study over 86% of homeowners expected fuel prices to rise by over 25% in the next five years.

Among those about to tackle insulation projects in the Manville survey, 66% were motivated by saving money on fuel bills. Of those who had added insulation in the last five years, 95% reported savings on fuel bills of between 11% and 20%.

NEW!

A Top-Notch Counter Salesman

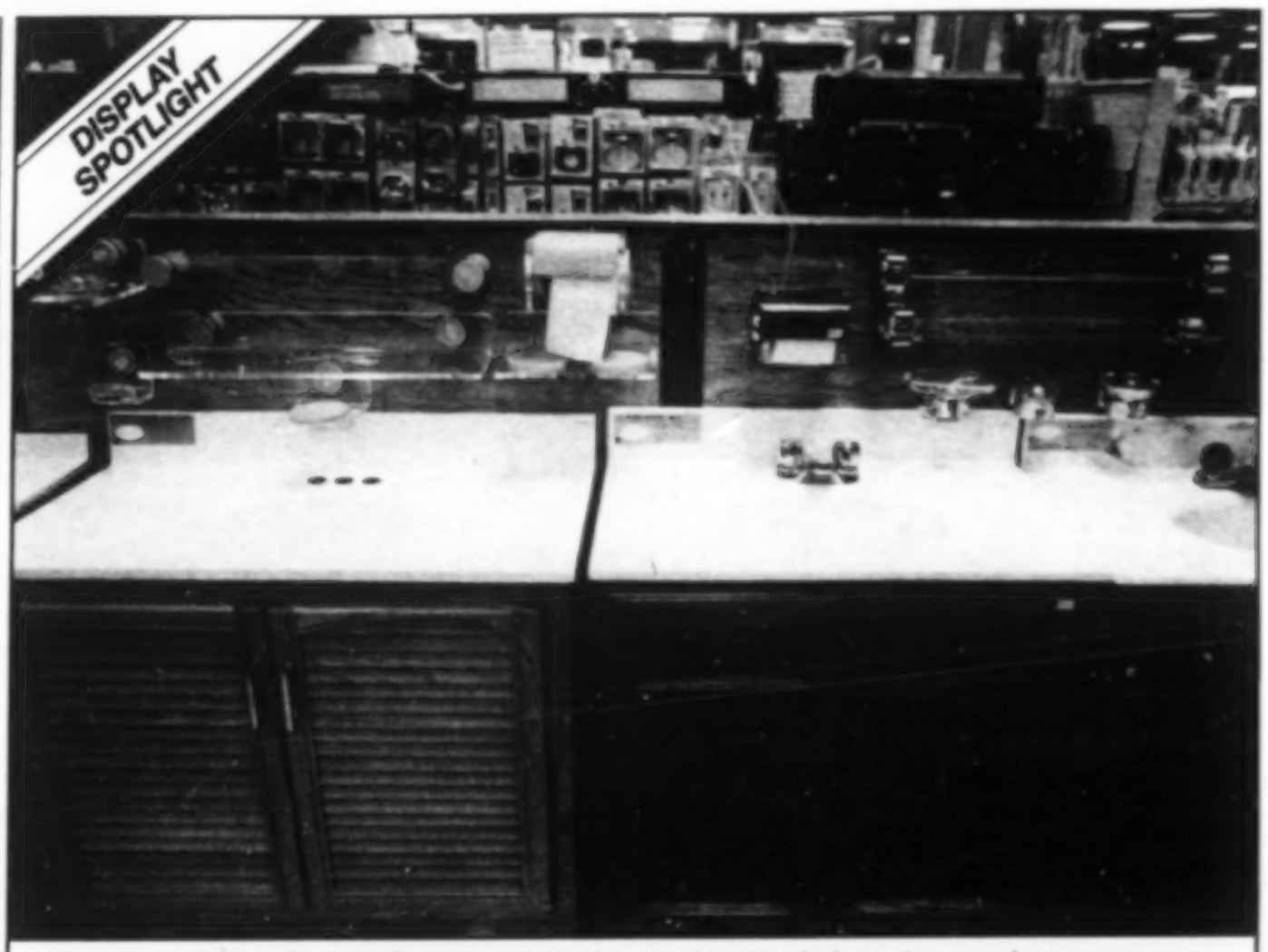
A new dimension in spackling convenience!

- Requires only one application
- Will not shrink, slump, or crack even on large cracks or holes
- Lightweight, easy to apply
- Ready-mixed in new, convenient plastic containers

This colorful, dimensional Spackl'N Lite display carton contains 24 half pints and six quarts. It's an effective counter salesman that attracts both the pro and impulse buyer.

Call toll free 1-800 241-5295 today!

SUPERIOR SEALANTS



At Beaver Lumber in Ontario, Canada, mini bathroom vignettes help customers choose accessories to match the style of their main furnishings. NHCN photo

LUMBER REPORT

Lumber prices begin to rebound but optimism may be short-lived

(Continued from page 16)

decline. Lumber exports from North America dropped by 702 million board feet in 1984. Signs of overbuilding in the commercial sector are showing up all over the United States. Vacancy rates continue to increase and have reached the 15% level nationally. A recent Shearson/American Express report stated, "Under any reasonable circumstance, such high vacancy rates will prerequisite a significant decline in new construction to bring supply back in line with demand."

Tax reform could spell trouble for single family housing. Data Resources predicts if the current tax proposal is passed, new single family starts will fall by 140,000 per year. The National Association of Realtors predict starts will fall 300,000 units. Despite uncertainty in the future, builders remain optimistic. More speculation homes are being built. It is typically the beginning of the end of a housing boom when builders stop being cautious.

Government action

Government intervention could alter the supply and demand balance and prices would probably rise dramatically on forest products. There are now three bills before Congress aimed at controlling importation of Canadian lumber. According to the *North American Wholesale Lumber Bulletin*, "The Gibbons legislation defines and adds *Resource Input Subsidies* to the Tariff Act of 1930. In effect, a resource product (logs-stumpage) sold by Government to domestic manufacturers that is not freely available to United States producers at the same price that is lower than the *fair market value* of the input product would be a counteravailable duty subsidy." The Southeastern Lumber Manufacturers Association, The National Forest Products Association, The Northeastern Lumber Manufacturers Association and other United States wood groups support this legislation.

Unless producers of lumber and panelboard products show restraint, prices will remain steady to lower. Government intervention is the major issue to watch that could change the game and send wood prices higher.

Hawk Furman is president of Furman Lumber, Boston.

FUTURES

Two weeks ended July 3, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	149.00	143.30	144.90	146.80	1,656	230.50	129.30
Sept.	151.50	143.00	145.10	149.70	4,126	197.50	135.30
Nov.	153.10	146.20	147.90	151.60	2,064	186.10	137.80
Jan. '86	159.40	153.00	154.10	158.00	663	187.30	144.60
March	165.00	159.00	160.20	164.40	330	188.20	149.00
May	170.00	164.00	164.50	168.10	181	176.40	153.00
July	172.80	169.00	172.80	176.40	45	183.40	169.00

Total Contract Vol. (Through 7/3): 14,712 — Previous Two Weeks: 26,322
Total Open Interest (As of 7/3): 9,065 — Previous Week: 9,477
Cash Price: $154.84 — Previous Week: $149.94 — Year Ago: $127.40

CME—Chicago Mercantile Exchange
*Figures for Wednesday, July 3.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

"Sell Over $12,000 of Staple Plumbing Products Using Only 20 sq. ft. of Combined Display and Inventory Floor Space!"

Stylemate's fast-selling, quality line of **laundry/utility trays, KD shower stalls** and **bathtub walls** are the nucleus of every successful DIY plumbing department. *Stylemate* keeps pace with remodeling trends and our wide selection of "**good, better, best**" **models insure upgraded sales** and...

- **Single Source Ordering Convenience & Savings**
- **Multiple Price Points for Every Remodelers Need & Budget**
- **Opportunities for "Add-on" Sales of Accessories and Related Products**

GET THE FACTS — on how to enjoy greater sales volume and profits. Call us TODAY (collect) . . . you'll be glad you did!

Stylemate

a friend of the "Do-It-Yourself" Plumber

Stylemate Industries

National
Home Center News®

HARDWARE CO-OPS:

Gambling on the Store of the Future

Prompted in part by the success of HWI's "Do-it" program, the leading hardware wholesale buying groups are anteing up with their own "Store of the Future" strategies. These remodeling, remerchandising and marketing formats are aimed at preserving dealer affiliations. How extensively they are embraced could determine how well hardware retailers can compete in the high stakes retail home improvement game. For some dealers, it might be a matter of survival.

—A *National Home Center News* Special Report

NHCNews Briefs

Industry Update

Boise closes four units

BOISE, Idaho — Continuing its retail-store consolidation campaign, Boise Cascade has closed three Building Materials Centers in Colorado and one in Washington state.

Company officials, meantime, declined to comment on reports that they are negotiating to sell seven retail stores, a contractor plant and a wholesale yard in southern California.

Boise Cascade's retail store count is now 31 units, down from 77 units at the end of 1984. The single-biggest transaction occurred in February when Lowe's signed a $50 million agreement to buy 23 Boise Cascade units in Texas and Oklahoma (*NHCN*, Feb. 25).

The shuttered Colorado stores are in Grand Junction, Cortez and Montrose; the closed Washington outlet is in Pasco, where a Walla Walla, Wash., lumber company took over the operation.

Hechinger names Pittsburgh sites

LANDOVER, Md. — Hechinger has firmed up sites for its first two stores in the Pittsburgh market. The $405 million home center chain will construct a warehouse store in the city's Century III Mall, adjacent to a Busy Beaver store, and take over a former Montgomery Ward store in the Monroeville Mall. Both stores will have 90,000-sq.-ft. selling areas, including attached garden shops. They are epxected to open in October.

At just about the same time, said chain president John W. Hechinger Sr., the company will open similar-sized units in Laurel, Md., and Reistertown, a Baltimore suburb. This will bring the chain's total store count to 51.

Builders Sq. clarifies growth plan

SAN ANTONIO — When K mart announced on July 22 that Builders Square will add 50 new stores in 1986, the Troy, Mich.-based parent company was announcing its approval of 50 market areas and some specific sites, explained Jud Walford, senior vp. It was not adding to the warehouse retailer's previously announced plans to open 50 stores next year (*NHCN*, Feb. 25, 1985).

The 21-unit retailer will not be a 100-unit company by the end of 1986 as it had hoped, however. There will probably be between 80 and 90 Builders Square units. The delay is due mostly to longer-than-expected completion periods needed for the northern stores.

By the end of this year, Frank Denny, president, said the San Antonio-based retailer will add 10 more units.

Busy Beaver to add 3 units in '86

PITTSBURGH — Busy Beaver Building Centers said it planned to open three new stores during calendar year 1986. The stores, which will be modeled after the company's warehouse prototype in Boardman, Ohio, will be located in the company's current trading region, although not in the Pittsburgh market. The company operates 11 stores in Western Pennsylvania and eastern Ohio.

The company also said it would remodel three of its older stores, in Monroeville, Pa., West Mifflin, Pa., and in the Pittsburgh suburb of North Hills, by this fall. The move is part of an effort to modernize all of the chain's older units. The company remodeled its Washington, Pa., store in May.

Scotty's completes new whse

WINTER HAVEN, Fla. — Scotty's completed a $2.5 million warehouse expansion at its headquarters site last month. The company has already begun utilizing the 125,000-sq.-ft. structure, which has room for 30,000 pallet rack positions, more than doubling the number previously available at the $453 million company's distribution center. The warehouse is expected to meet the needs of the firm for the next three years.

Markley debuts realty firm

MISSION VIEJO, Calif. — John H. Markley, former president and ceo of W. R. Grace home center's western region, is establishing an independent brokerage office specializing in commercial, residential and property management in this Orange County community near his Capistrano Beach home.

The company, Remax, will open Aug. 15 in the Valley Professional Building at 27401 Los Altos. A staff of 15 will work with Markley and his partner, Gary Thomas, a longtime realtor.

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Vol. 11, No. 17 August 12, 1985

Wickes Lumber on growth track; completes first buyout in 6 years

VERNON HILLS, Ill. — Wickes Lumber, the $853 million subsidiary of Wickes Cos., Santa Monica, Calif., purchased City Lumber of Pascagoula, Miss., last month.

The purchase of the two-store company represents the first acquisition by Wickes Lumber since it purchased a number of Lindsley Lumber outlets in Florida in 1979.

"We're in a position to start growing again," said Wickes Lumber general manager Les Hagen, in explaining why his company made an acquisition now. "We've put ourselves in a position to complete the filling in of some of our markets." Wickes Cos. emerged from protection under Chapter 11 of the U.S. bankruptcy code earlier this year.

City Lumber began operating as a subsidiary of Wickes Lumber on July 22. The new subsidiary, which will retain its City Lumber store signs, achieved a volume of $16 million in 1984. Besides a store in Pascagoula, the company also operates a unit in Ocean Springs, Miss.

With the purchase of City Lumber, Wickes now operates 213 stores in 36 states. The new acquisition brings Wickes' Mississippi presence to four stores.

Hagen added that Wickes would continue to expand, either "through new stores or through acquisitions." He would not comment on whether Wickes would have another acquisition this year, or whether negotiations were currently under way with any company.

"The new units are very similar to a Wickes Lumber yard, and they fit our style," said Hagen. "They have the space we need, in terms not only of the showroom but also of sheds and land." Each store has a 16,000-sq.-ft. selling area and five to six acres of adjacent land.

Highlights in this issue

SPECIAL REPORT: HARDWARE CO-OPS' STORES OF THE FUTURE

- *Gambling on the store of the future* —Page 27
- *Allied program draws DIYers to contractor yards* —Page 41
- *Dealers test co-ops' warehouse designs* —Page 41
- *Canadians play pivotal role in co-ops' use of design firms* —Page 44
- *Ex-computer programmer takes calculated gamble with Do-It plan* —Page 49
- *Ace vies for bigger slice of homeowner sales* —Page 50
- *Our Own remodeling boosts hardware image* —Page 53
- *Ohio True Value undertakes race track revamp* —Page 58
- *New Servistar: American's Southwest foothole* —Page 61

MERCHANDISING

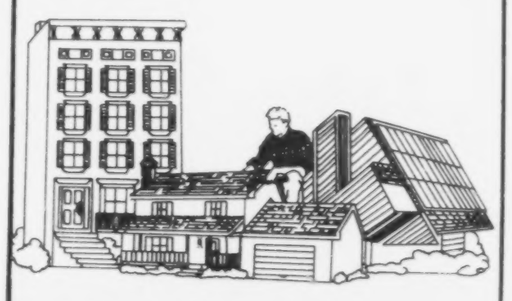
- *Buyers testing waters before whirlpool plunge* —Page 67
- *Better furniture draws DIYers to home centers* —Page 76
- *Specialty hardware stores corner high-end biz* —Page 81
- *Effective merchandising: It's in the execution* —Page 89
- *Line extension possibilities almost unlimited* —Page 90

INDUSTRY CONVERGES ON CHICAGO

- *Whse invasion fosters Chicago war mentality* —Page 97
- *Show opens with expanded seminar schedule and services* —Page 97
- *Retail Concepts Center returns with new format* —Page 101
- *Newcomers to Chicago find local competition ferocious* —Page 102
- *Expanded McCormick Place awaits 1986 showgoers* —Page 104

THE NHCN HOUSING REPORT

- *Electronic marvels will make future home self-sufficient* —Page 117
- *New multiwiring system connects NAHB "smart house"* —Page 122
- *Consumers want "high touch" with "high tech"* —Page 122
- *Frostbelt institutions in unison: seasonal improvement pitches* —Page 125
- *Equity: new line to home improvement* —Page 131
- *Cities lend helping hand to upgrade housing* —Page 132
- *Lower rates, new designs boost affordability* —Page 135



ADVERTISING & MARKETING

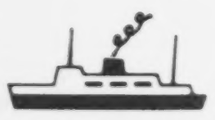
- *Industry touts new openings with elaborate television ads* —Page 139
- *Four ads show variety of TV techniques* —Page 139
- *"Warehouses on Wheels" provides Supply One with product try-outs* —Page 139
- *Two new sponsors join NHCN ad award program* —Page 139
- *New name and logo: Planting Council fills gap* —Page 140
- *Consumers feel effects of taxes and inflation* —Page 141
- *Industry lagging behind in market research* —Page 143

STOCK ANALYSIS

- *Disappointing sales and profits blow ill wind to home center issue* —Page 174
- *Outside factors also punish prices on home center stocks* —Page 175

EXPORT/IMPORT REPORT

- *Allied backs ban on closed market countries* —Page 147
- *Israel steps up effort to penetrate U.S. market* —Page 150
- *Strong dollar helps U.K. firms capitalize with kitchen exports* —Page 152



INDEX

Ad Angles . . . 140, 141
Calendar . . . 159
Classified . . . 189-193
Editorial . . . 12
Financial News . . . 8, 9
Home Center Trivia . . . 16
Housing Watch . . . 14, 194
Lumber Report . . . 20
National Hardware Show Schedule . . . 93
New Products . . . 180-184
New Systems & Operations Products . . . 168
People . . . 16
Price Point Survey . . . 159
Security/Shortage Control . . . 169
A View From the Street . . . 24

S & O

- *Cashiers play key role in thwarting shoplifters* —Page 160
- *Retailers pool info to stem theft* —Page 161
- *Human factors hamper accident prevention* —Page 161
- *Forum tackles refund fraud, computer crime* —Page 162
- *Retailers open to meet public shopping needs* —Page 163
- *Senior workers losing ground in battle against early retirement* —Page 163

FINANCIAL NEWS

22 Gainers

5 Unchanged

29 Losers

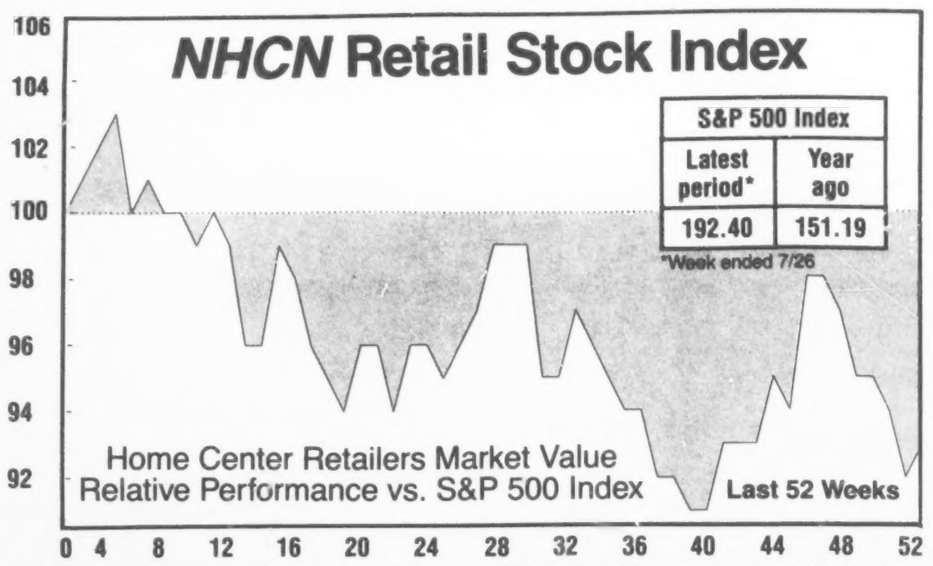
For the first time in six weeks, stock price-percentage losers outnumbered gainers, 29 to 22, for the two-week period ended July 26. Five stocks were unchanged.

Home center stocks have been sailing rough waters during the first half of 1985 *(see Home center stock analysis, pp. 174-176)*. While stock market prices as a whole dipped somewhat at the end of July, the *NHCN* Retail Stock Index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks.

Leading the retail losers was Homecrafters Warehouse, which fell 16.7% to $6.25 on a heavy volume of nearly two million shares traded. Lowe's, which had been relatively unaffected by the slump in home center stocks, declined 9.2% to close at $25.88 on 7.3 million shares traded.

On the positive side, Payless Cashways rebounded from a 10% drop in the previous period to close the most recent period at $18.50, a 12.1% gain over the previous two weeks. Hechinger B was up 9.1%, closing at $21 on a two-week volume of 911,000 shares, while Forest City Enterprises climbed 6.7% to $23.75 on 112,000 shares traded.

Diamond Lumber parent Michigan General, which was selling as low as $4.63 on June 28, closed at $5.25, a 5% increase over the previous period.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Clopay Corp A	752	568.0	- 25.0
Forest City Ent A	112	366.7	6.7
Thos Inds N	2,136	348.2	3.5
Edison Bros N	3,796	302.2	.4
Owens Corning N	10,923	291.5	5.9

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Mich General A	5,600	260.6	5.0
Grace W R N	14,344	218.3	2.7
Erb Lumber M	37	215.4	- 2.2
Homecrafters Whse M	1,878	184.2	- 16.7
Color Tile M	7,480	182.2	.7

TOP GAINERS

Company & Market	2-Weeks Ended 7-26 $	2-Week Price Change %	Total 2-Week Volume (100)
Payless Cash N	18.50	12.1	14,372
Hechinger B M	21.00	9.1	911
Forest City Ent A	23.75	6.7	112
Owens Corning N	35.75	5.9	10,923
Mich General A	5.25	5.0	5,600

TOP LOSERS

Company & Market	2-Weeks Ended 7-26 $	2-Week Price Change %	Total 2-Week Volume (100)
Clopay Corp A	11.63	- 25.0	752
Homecrafters Whse M	6.25	- 16.7	1,878
Waxman Ind M	13.00	- 9.6	1,264
Lowe's Cos N	25.88	- 9.2	7,333
Potlatch Cp N	33.88	- 9.1	946

National Home Center News® HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 7-26-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report, Period, Date Ended; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 7-26-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	48.50	- 1.00	- 2.0	51.00	48.00	51.00	34.00	11,169	4.09	2.19	86.8	21.0	1.90	3.9	NEW	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	18.25	.13	.7	18.25	17.38	20.00	14.75	7,480	8.10	2.87	182.2	12.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	32.13	.13	.4	32.50	31.50	38.25	31.00	3,796	3.74	.93	302.2	12.3	1.60	5.0	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber M	22.00	- .50	- 2.2	24.50	22.00	24.50	18.00	37	.41	.13	215.4	6.7	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.88	.00	.0	2.00	1.75	6.25	1.75	755	.55	.29	89.7	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	23.75	1.50	6.7	23.88	22.50	23.88	15.13	112	.28	.06	366.7	33.0	.15	.6	NEW	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R N	42.38	1.13	2.7	42.75	40.63	44.50	38.50	14,344	2.96	.93	218.3	12.3	2.80	6.6	NEW	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	18.75	.00	.0	19.50	18.25	23.19	14.00	3,101	3.55	2.46	44.3	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	21.00	1.75	9.1	22.25	18.75	24.19	14.19	911	.40	.31	29.0	22.3	.08	.4	NEW	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber O	40.38	.63	1.6	41.00	39.88	43.75	34.50	16	.09	.28	- 67.9	30.1	1.00	2.5	.....	3 mos.	03-85	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse M	6.25	- 1.25	- 16.7	7.75	6.25	16.25	5.25	1,878	6.65	2.34	184.2	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot N	13.50	- .25	- 1.8	14.00	13.13	27.88	12.00	9,257	3.69	2.22	66.2	27.0	.00	.0	.....	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc N	66.50	.25	.4	68.00	65.25	70.50	55.25	2,242	1.59	1.40	13.6	16.7	3.08	4.6	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	35.25	- 1.13	- 3.1	37.25	34.75	41.50	30.50	51,056	4.08	1.57	159.9	9.2	1.40	4.0	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	25.88	- 2.63	- 9.2	29.25	25.75	31.13	16.75	7,333	2.02	1.12	80.4	15.4	.36	1.4	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	5.25	.25	5.0	5.63	4.63	8.50	4.50	5,600	4.94	1.37	260.6	25.0	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	6.00	.25	4.3	6.13	5.50	7.50	4.50	872	1.55	.60	158.3	28.6	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	14.13	- .38	- 2.6	14.50	14.00	17.50	11.50	1,792	1.79	1.88	- 4.8	14.4	.64	4.5	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	18.50	2.00	12.1	19.00	16.63	23.38	13.50	14,372	4.15	1.67	148.5	16.4	.16	.9	NEW	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	13.63	- .50	- 3.5	14.38	13.50	16.38	12.00	1,653	1.25	.46	171.7	10.2	.52	3.8	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	36.63	.13	.3	38.00	33.88	39.13	29.75	50,517	1.40	.90	55.6	9.1	1.76	4.8	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
Std Brd Prt N	23.00	.25	1.1	23.50	22.50	23.88	17.00	4,116	3.69	1.46	152.7	12.2	.56	2.4	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	45.75	- 2.00	- 4.2	48.00	45.75	48.38	24.00	3,614	2.03	1.55	31.0	13.6	.48	1.0	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber M	6.88	.00	.0	7.00	6.63	7.25	4.25	576	.98	1.20	- 18.3	15.6	.16	2.3	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.13	- .38	- 4.4	8.50	8.13	9.75	7.13	266	.71	.62	14.5	38.7	.28b	3.4	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	23.88	- 1.75	- 6.8	25.50	23.88	28.75	20.25	1,502	1.43	.99	44.4	NE	1.40	5.9	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	31.75	1.13	3.7	32.50	30.00	35.38	25.88	6,169	1.58	.95	66.3	10.7	1.60	5.0	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	36.75	- .75	- 2.0	38.88	35.88	39.75	25.13	9,663	4.05	1.44	181.3	10.2	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	18.88	- 1.25	- 6.2	21.13	18.75	26.88	17.75	23,235	4.61	2.27	103.1	10.7	.64	3.4	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	26.00	- .13	- .5	26.88	25.75	28.50	15.75	2,559	1.35	.62	117.7	12.3	.70	2.7	NEW	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	24.63	.75	3.1	25.38	23.50	26.75	16.88	39,187	4.22	1.55	172.3	NE	.40	1.6	NEW	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	11.63	- 3.88	- 25.0	15.63	11.25	22.19	10.91	752	5.01	.75	568.0	7.7	.16	1.4	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	33.88	- .38	- 1.1	35.25	33.00	37.88	27.50	529	1.11	1.01	9.9	10.3	1.40	4.1	NEW	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	30.88	- .75	- 2.4	33.13	30.88	33.13	25.00	4,429	1.61	.85	89.4	10.4	1.40b	4.5	NEW	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific N	24.88	.38	1.5	25.13	24.00	27.38	19.63	32,863	3.20	1.24	158.1	23.9	.80	3.2	NEW	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	18.63	- .50	- 2.6	19.88	18.63	20.72	14.75	2,444	1.26	.83	51.8	10.3	1.00b	5.4	NEW	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	20.75	- 1.75	- 7.8	22.88	20.75	24.75	16.50	3,886	1.10	.79	39.2	20.1	.80b	3.9	NEW	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMlln Bldel N	15.88	.13	.8	16.88	15.63	21.81	15.00	490	.16	.10	60.0	33.8	.00a	.0	.....	3 mos.	03-85	538.6	30.8	2.6	NE	(.13)	NE	538.6	30.8	2.6	NE	(.13)	NE
Manville Cp N	6.00	.13	2.1	6.38	5.75	8.63	5.13	3,812	1.59	1.07	48.6	2.8	.00	.0	.....	3 mos.	03-85	433.2	5.6	12.2	- 3.9	.25	- 7.4	433.2	5.6	12.2	- 3.9	.25	- 7.4
Masco Corp N	35.50	.00	.0	36.00	34.00	36.00	24.00	11,095	1.96	.98	100.0	20.6	.56	1.6	.....	3 mos.	03-85	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Mor-Flo Inds M	18.88	.00	.0	19.00	18.75	20.25	11.50	221	.86	.49	75.5	7.2	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	47.38	- .13	- .3	47.88	45.50	48.75	30.00	5,959	3.83	1.72	122.7	6.4	2.00	4.2	NEW	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	18.00	.38	2.1	18.13	17.25	19.00	13.25	644	.75	.43	74.4	11.0	.50	2.8	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.75	2.00	5.9	36.88	33.25	37.00	26.25	10,923	3.68	.94	291.5	9.1	1.40	3.9	NEW	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	15.88	- .25	- 1.6	16.25	15.63	16.50	11.34	837	2.32	1.07	116.8	13.3	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	19.63	- .13	- .6	20.75	19.63	21.50	15.25	384	.64	.25	156.0	NE	.80	4.1	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	33.88	- 3.38	- 9.1	37.38	33.25	38.13	25.75	946	.61	.36	69.4	13.6	1.56	4.6	NEW	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	39.25	.25	.6	40.00	38.00	40.00	25.00	3,057	1.34	.78	71.8	13.0	.92	2.3	NEW	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	13.13	- .13	- .9	13.50	12.75	18.75	11.75	4,498	4.84	2.19	121.0	43.8	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Stanley Works N	30.38	1.38	4.7	31.38	28.50	31.38	21.38	4,569	1.64	.72	127.8	11.3	.96	3.2	NEW	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	18.38	.63	3.5	19.13	17.75	19.13	12.84	2,136	2.51	.56	348.2	10.2	.68b	3.7	NEW	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	28.75	- .88	- 3.0	29.63	28.75	31.25	21.75	556	1.37	1.95	- 29.7	8.7	1.00	3.5	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	40.63	- 2.13	- 5.0	42.50	39.00	44.50	24.38	5,905	1.79	1.26	42.1	7.1	1.68	4.1	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	35.75	- .50	- 1.4	37.00	35.25	39.25	23.38	7,908	3.76	1.93	94.8	7.3	1.40	3.9	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	13.00	- 1.38	- 9.6	14.25	12.75	16.88	4.75	1,264	4.18	3.48	20.1	16.5	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	29.25	- .25	- .8	29.88	28.25	34.00	25.88	17,548	1.35	.69	95.7	19.1	1.30	4.4	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

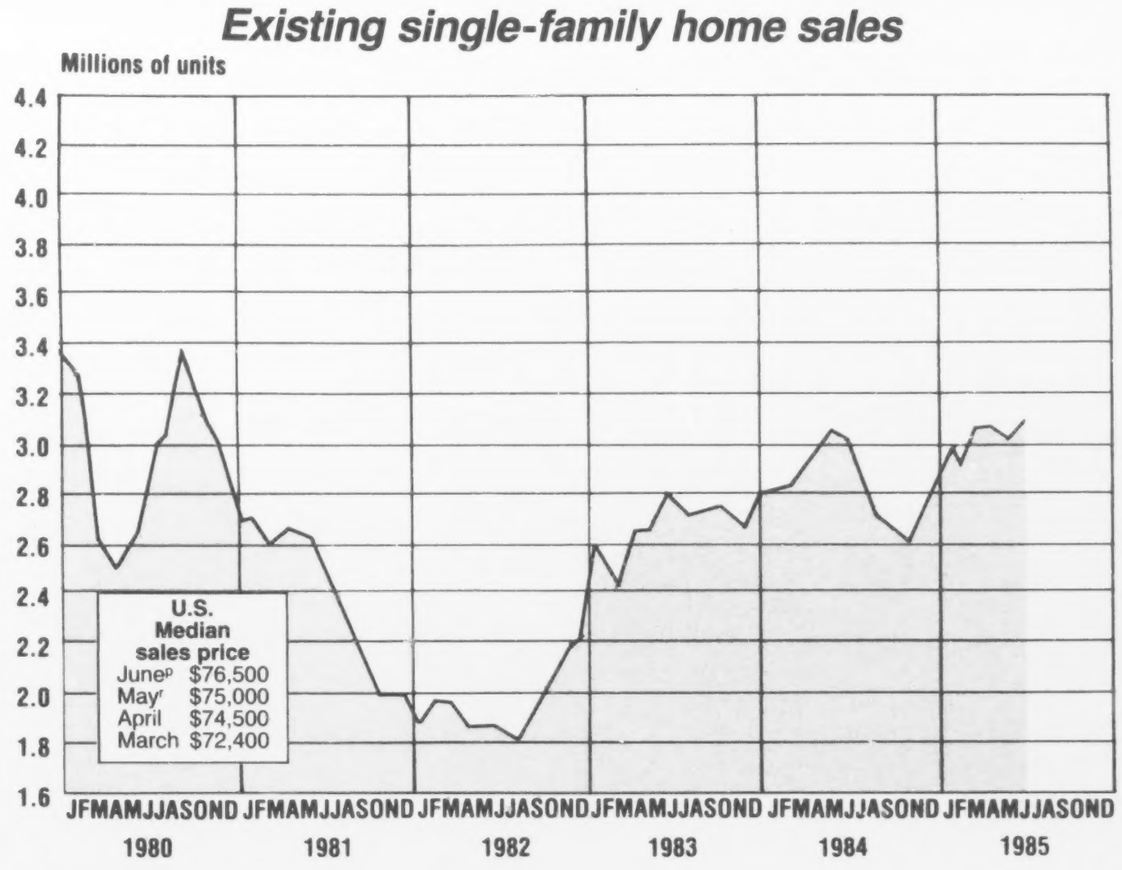
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

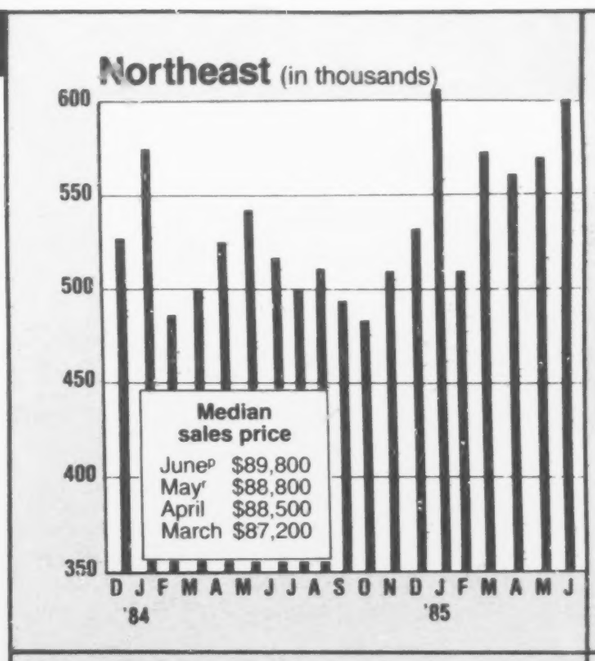
Existing single-family home sales

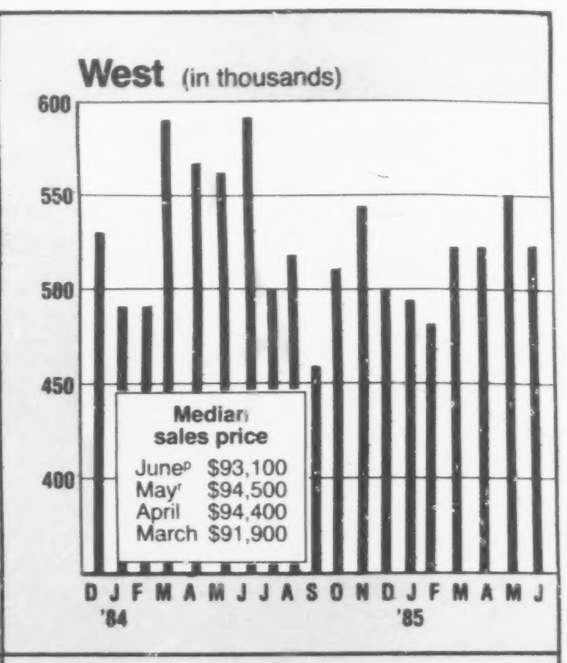


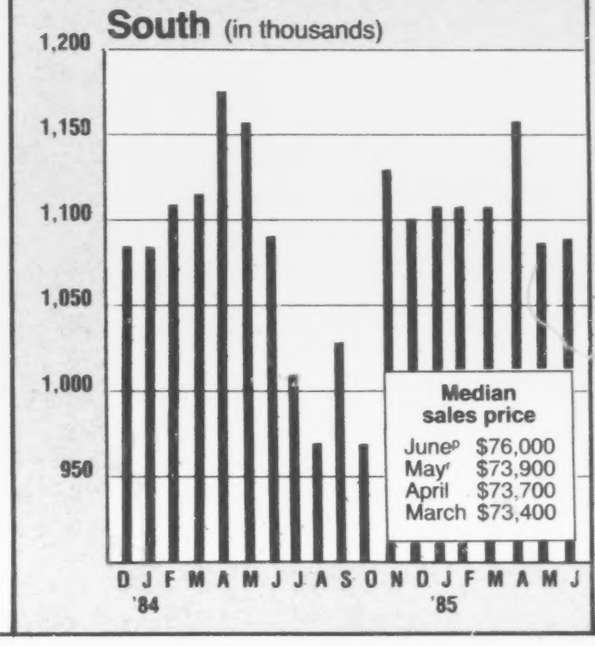
Lower interest rates are having a positive impact on the nation's resale home market, according to David D. Roberts, president of the National Association of Realtors. The seasonally adjusted pace of 3.07 million units recorded in unit set a five year record and also was the fourth consecutive month this year that activity was above the three million mark.

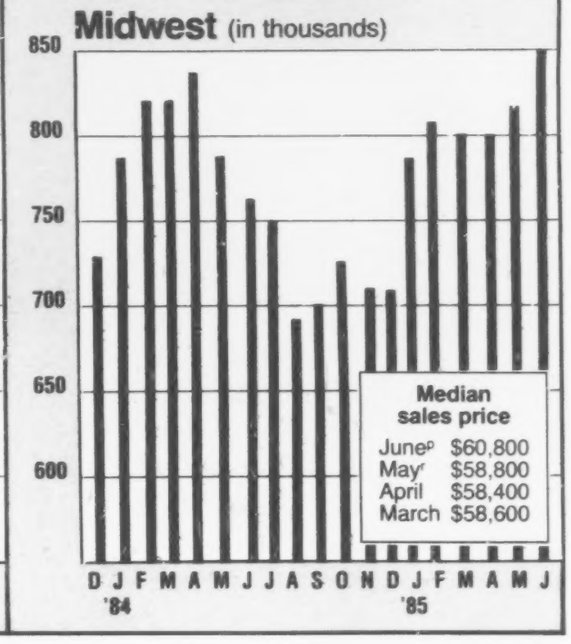
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









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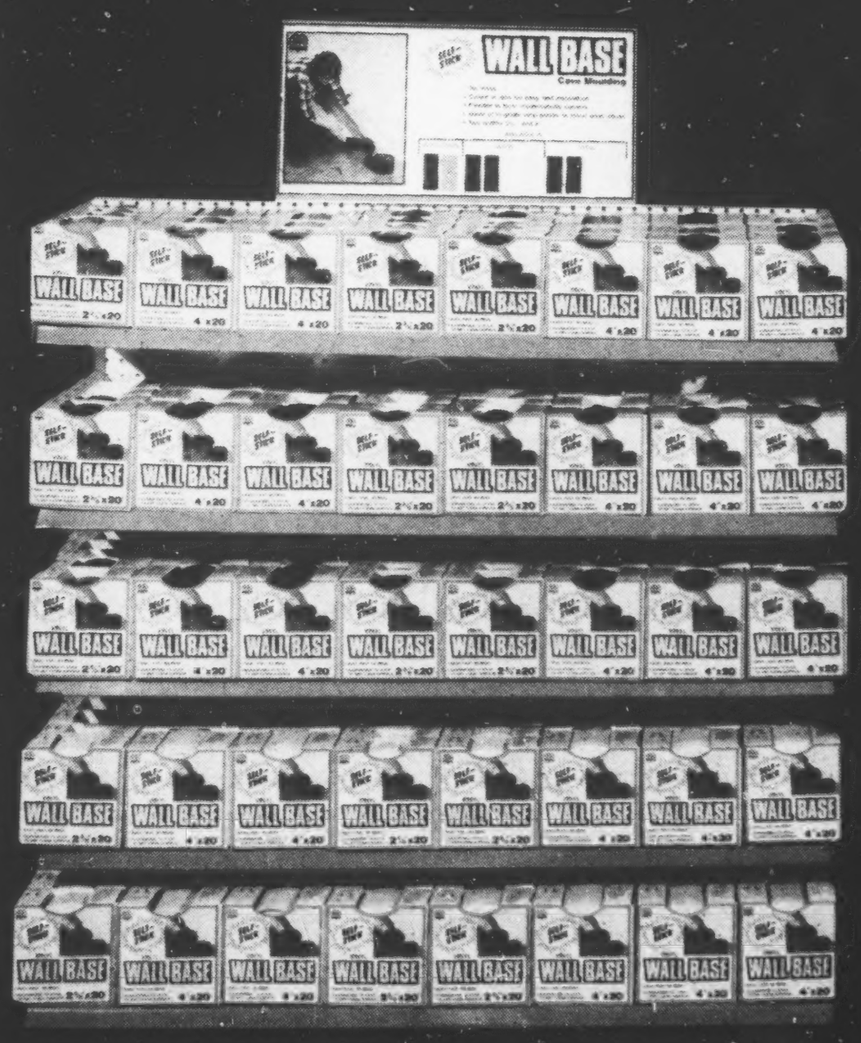

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Resales continue fast-track pace

NATIONAL REPORT — Home resales activity edged up 1% in June to a seasonally adjusted annual rate of 3.07 million units, the highest recorded pace in five years.

The National Assn. of Realtors said that not since October 1980, when the seasonally adjusted annual rate for existing single-family homes was 3.21 million units, has the pace been so high. Last month the rate was 3.04 million units.

June also was the fourth consecutive month that the seasonally adjusted number topped the three million mark.

"Lower interest rates clearly are having a positive impact on the nation's housing industry," asserted David D. Roberts, NAR president.

Once again, the Northeast housing market outpaced the other three regions by recording a 15.4% increase from June 1984 to 1985 and a 5.2% increase from May. Home resales in that region reached 600,000.

In addition, the median-priced home in the Northeast continued its upward climb, rising $1,000 from May and $11,500 from June 1984. In June, the median-priced home was $89,800.

Only in the South was the home price increase greater than in the Northeast. There, where resale activity was unchanged from May at 1.09 million units, the median-priced home rose $2,100 from May to $76,000.

"Relatively large increases in resale home prices are typical of this time of year because the spring normally brings heightened demand for housing thus putting upward pressure on prices," explained Dr. Jack Carlson, executive officer and chief economist at the NAR.

Only in the West did housing prices decline, from $94,500 in May to $93,100 in June. Resale activity also declined during this period, from 550,000 units to 520,000 units, seasonally adjusted.

The Midwest, however, experienced a 3.6% increase in resale activity in June and an 11.8% rise from June 1984, recording 850,000 new resales, seasonally adjusted. Home price in this region rose $2,000 to $60,800.

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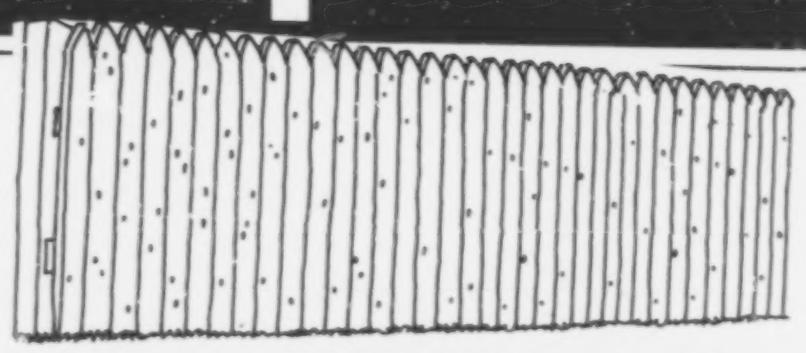

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LUMBER REPORT

Canadian lumber bill put on hold; no action anticipated until the fall

By Milford Prewitt
NHCN associate editor

NATIONAL REPORT — The dilemma surrounding Canadian lumber imports became a little more inscrutable this month when the Congressional sponsor of a house bill to impose a duty on Canadian lumber withdrew his bill until the fall.

Rep. Sam Gibbons (D-Fla.), chairman of the subcommittee on trade, announced he would delay any further action on his trade reform bill, HR 2451, until September, by which time the Congressman is supposed to have met with Canadian lumber officials.

Initially hailed by some lumber manufacturers and fellow House lawmakers from timber growing regions, the trade reform bill would have rewritten the 1930 Tariff Act and imposed stiff new import duties on Canadian lumber, energy products and textiles. For American lumber growers, the bill was widely supported as an effective means to make them more competitive with Canadian importers, whose sales account for almost one-third of all lumber sold in the United States.

Last year, Canadians sold an estimated 10 billion board feet of lumber in the United States and, if current projections for this year hold true, they are expected to exceed 1984's total. According to the Coalition for Fair Lumber Imports (CFFLI), the Canadians have been averaging approximately a billion board feet a month since the year began.

Often accused by Americans of reaping the benefits of a government-subsidized industry, critics argue that Canadian lumber growers are not shackled by the complex stumpage price formulas of their southern neighbors, and, therefore, have been able to undersell Americans in some cases.

At the same time, some species of Canadian lumber from the Western Provinces, where 90% of the imported Canadian wood in the United States market comes, enjoy higher demand by dealers and retailers, according to industry sources.

Like an avenging knight, the Gibbons bill was viewed by American lumbermen as a good way of turning the clock back on Canadian lumber to the middle 70's, when Canada only held about 18% of the market. At the same time, the tariff charges would make the timber more expensive, and therefore, blunt demand for Canadian lumber.

In the light of the Congressional support and industry acclaim the bill has earned, more sober economic analysis has determined that the trade reform package might backfire on American growers and force their prices to rise as well.

Harry J. Horrocks, of the National Lumber & Building Material Dealers Assn., said the organization had been opposed to the bill since its inception and was relieved that Gibbons had announced that he needed time to study it further.

At the heart of Horrocks' opposition to the measure is that American lumber would be forced to rise in price almost as much as the Canadian lumber and that the increase would stifle demand, slow housing starts and hurt retail lumber sales.

"We just don't think Congress should have the right to increase the price of Canadian lumber through a tariff," Horrocks said.

"This means that the contractors and the lumber dealers will have to pass on the price increases to consumers. package."

Horrocks charged that one reason Canada is able to sell more lumber in the United States is that they are not bound by the cumbersome and complex pricing systems that affect the American industry. This system would still be unaffected by the tariff reform package and would further undermine the American lumber sales, he said.

"If anything has got to change to make this country more competitive, it's got to be the way we assess our stumpage prices for standing timber," Horrocks said. "The procedure right now is just terribly inefficient, with blind bids and all the speculation that actually drives the price up.

"People have been contracted to cut trees at a given price and then when they get them to the market, they're forced to sell at far less than what they bought it for. That system has to change and the Canadians have nothing to do with that."

Keith Judkins, Northeast representative of the Coalition for Fair Lumber Imports, said he was disappointed that Gibbons bill was being slowed up and favored the legislation as a way to gain parity with the Canadians.

"We're not trying to stop the Canadians from wanting to trade in the United States," Judkins said, "but every month since January they've exceeded their sales for the same time period last year.

John Milliner, a Southeastern representative of the CFFLI, was also disappointed the move behind the Gibbons bill had slowed, but was nonetheless an enthusiastic supporter of the measure.

Milliner said the Canadians have been allowed to "gouge" their share of the American market by selling excessively below market prices for wood.

"We're not trying to drive the Canadians out of the market. There will always be a need for Canadian lumber.

Milliner said while he knows the Reagan administration will probably frown on imposing trade restrictions, he said he and other American manufacturers would look forward to the Canadians setting up some voluntary limits.

FUTURES

Two weeks ended July 11, 1985

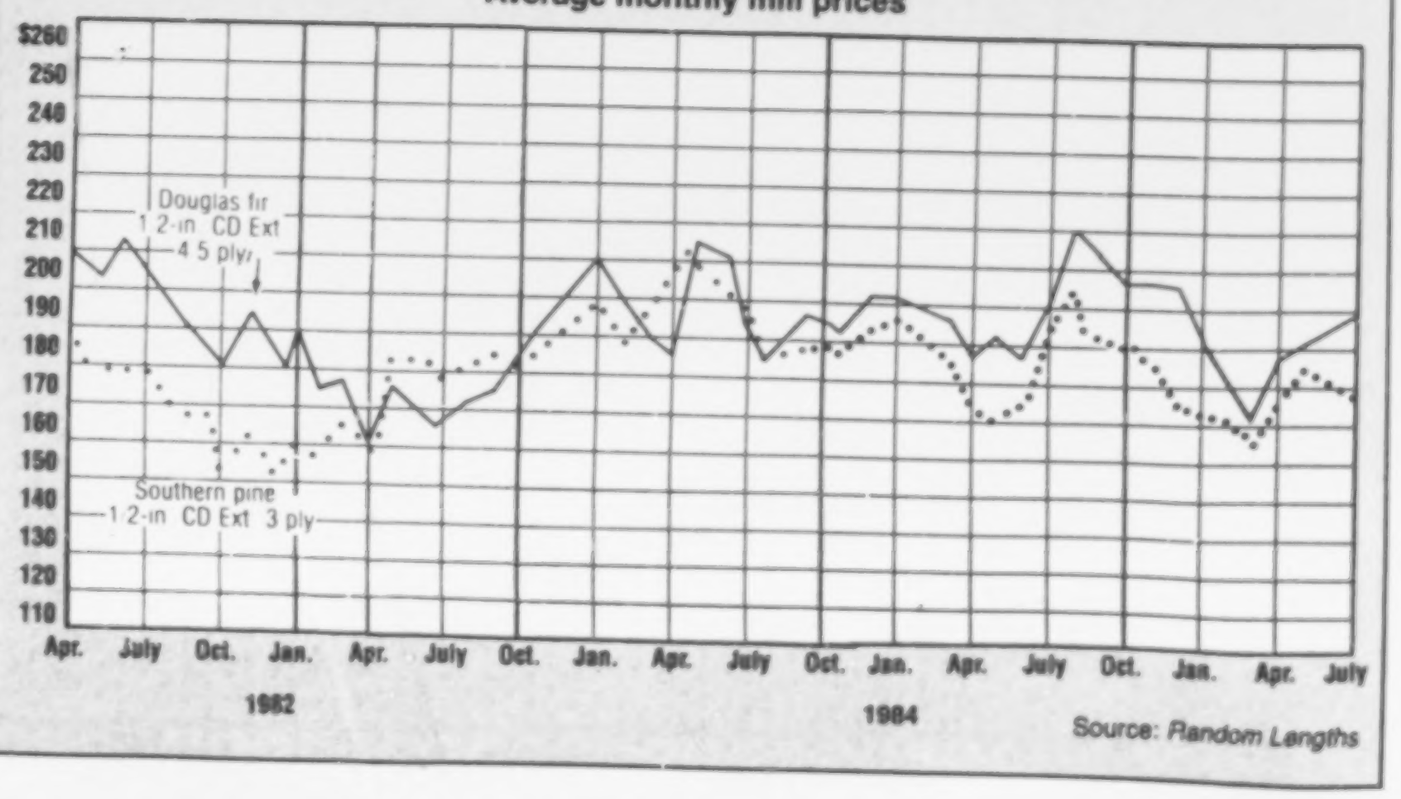
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	155.00	148.00	153.70	144.90	712	230.50	129.30
Sept.	153.00	148.00	150.20	145.10	4,127	197.50	135.30
Nov.	153.90	150.40	151.20	147.90	2,212	186.10	137.80
Jan. '86	160.00	157.00	157.80	154.10	932	187.30	144.60
March	166.00	163.20	163.60	160.20	713	188.20	149.00
May	170.50	168.00	168.60	164.50	310	176.40	153.00
July	177.00	174.50	175.90	172.80	51	183.40	169.00

Total Contract Vol. (Through 7/11): 16,451 — **Previous Two Weeks: 19,901**
Total Open Interest (As of 7/01): 9,057 — **Previous Week: 9,065**
Cash Price: $159.74 — **Previous Week: $154.84** — **Year Ago: $125.44**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, June 25.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Source: *Random Lengths*

National Home Center News.

Gambling on the Store of the Future

By John Caulfield
NHCN senior editor

NATIONAL REPORT — Late last year, officials from Hammar Hardware in Nashua, N.H., got wind that the market their store had dominated since opening eight years ago was about to be invaded by Somerville Lumber, the powerful subsidiary of Payless Cashways.

The 9,000-sq. ft. Hammar needed help and turned to American Hardware Supply, the dealer-owned wholesale co-op to which it belonged. Around that time, American was receiving good reports about the performance of the "Store of the Future" prototype it had opened in Longview, Tex., that August.

Hammar Hardware became America's first dealer to convert to the store design of that prototype, and from January through April, the store underwent a complete facelift—at a cost of $61,000—that included the installation of a new "race track" layout and the reconstruction of the front entrance to put in more cash registers.

Somerville never came to Nashua (the chain opened a site it had bought), but Hammar's investment was worthwhile. Sales and profits rose 20% in the first year after the conversion and improved another 10% in the second year. Hammar's average ticket has been above $15 (compared to the industry average for hardware stores of around $9), its annual inventory turns are over three (compared to around 2.5 turns for other retailers), and owner Dick Hammar expects sales in the store's second year to be 25% higher than the $1 million it did the first.

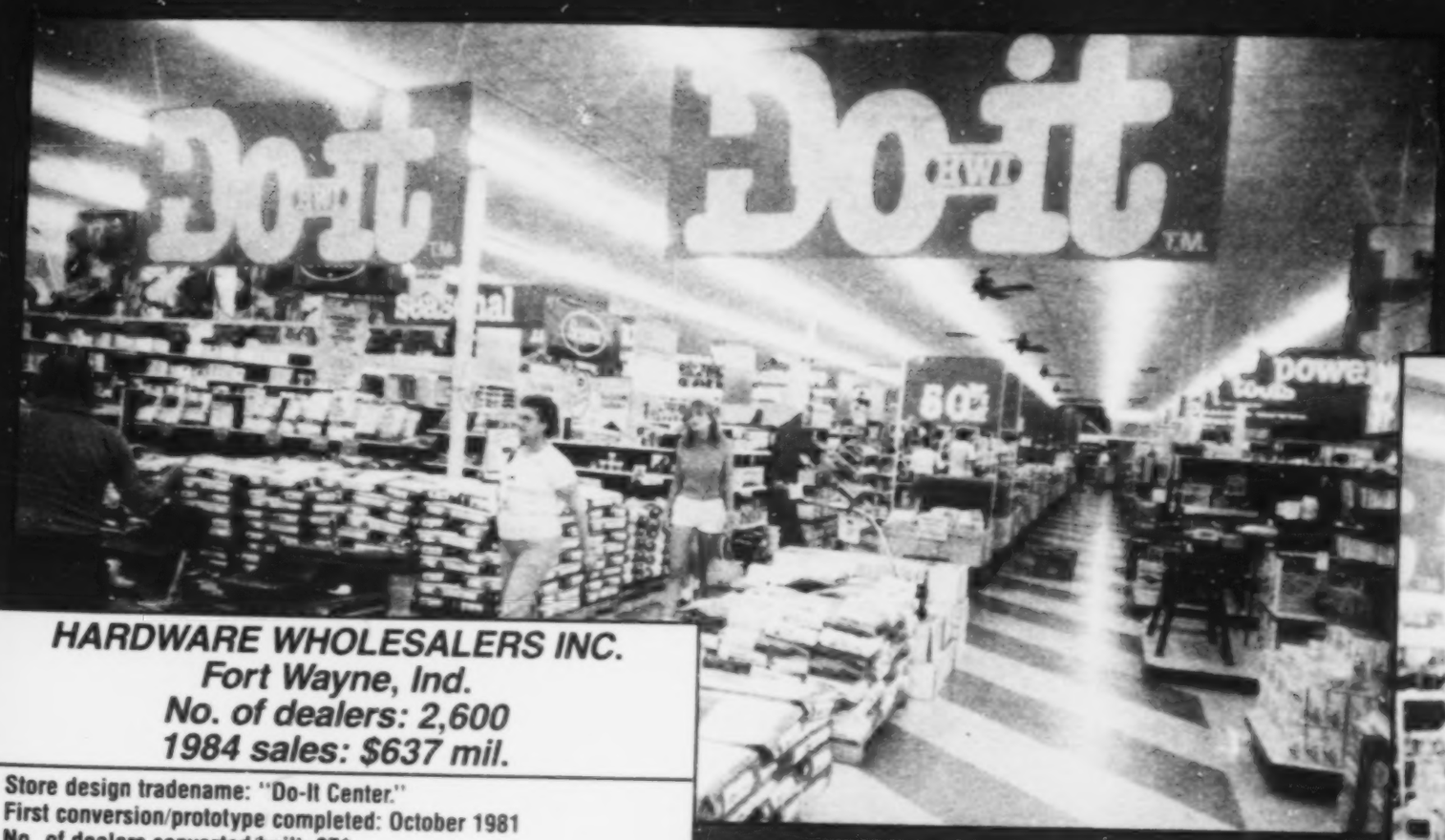
"There is no way a conventional hardware store could be profitable in Nashua," said Dave Porusta, Hammar's vice president. "People are shopping the store instead of just coming in to pick up odds and ends."

Somerville currently is constructing a unit in Pelham, N.H., 20 miles from Nashua, but Porusta isn't worried. "With our new look, we're ready to take on all others."

His willingness to convert his store to American's store design must surely have been spurred by the success of the Texas prototype which, only two months after its Aug. 16, 1984, opening, had a new Payless Cashways as its next door neighbor.

Despite its competitor, that unit

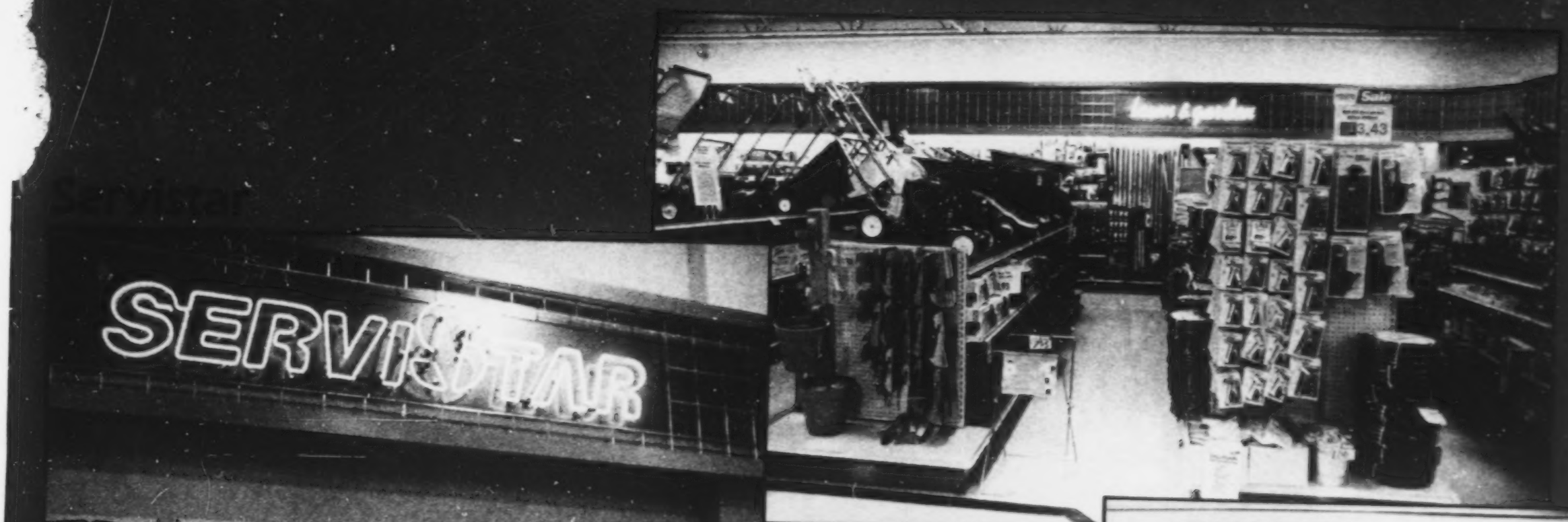
National Home Center News®



HARDWARE WHOLESALERS INC.
Fort Wayne, Ind.
No. of dealers: 2,600
1984 sales: $637 mil.

Store design tradename: "Do-It Center."
First conversion/prototype completed: October 1981
No. of dealers converted/built: 87*
Average size of completed conversions/new builds: 12,000 sq. ft.
Expansion plans: 39 more this year; another 100 by July 1986
Conversion time: 4 to 6 weeks (existing unit)
2 to 3 weeks (new build)
Outside consultants: Don Watt & Associates, Toronto (store design)
National Retail Hardware Assn., Indianapolis (merchandise/fixturing)
Color scheme for signage/fixtures: red/orange and yellow

*through August 1985 Source: Hardware Wholesalers Inc. *NHCN* chart



AMERICAN HARDWARE SUPPLY
Butler, Pa.
No. of dealers: 3,800
1984 sales: $619 mil.

Store design tradename: "Store of the Future"; "Operation Turnkey."
First conversion/prototype completed: August 1984
No. of dealers converted/new build: 3*
Average size of completed conversions/new builds: 10,300 sq. ft.
Expansion plans: 21 stores by February 1986
Conversion costs for store design in existing units: $2 to $6/ft. ($65-$70/ft. to build and stock a new store)
Conversion time: 4 to 6 weeks (existing store)
134 days (new build)
Outside consultants: Retail Planning Associates, Columbus, Ohio (store design)
Color scheme for signage, fixtures: red, white and blue

*through August 1985 Source: American Hardware Supply *NHCN* chart

National Home Center News®

Cotter

Last March, True Value Hardware in Hartville, Ohio, was converted to Cotter & Co.'s "Store of First Choice" design concept. Seven- and 8-ft. fixtures were installed inside of a tight, race track format which gave greater exposure to many of the store's 34,000 sku's. Signs and prices were employed on endcaps for the first time. And, according to True Value's owners, Howard Miller Sr. and his son, Howard Jr., the unit's productivity has risen. NHCN photos

COTTER & CO.
Chicago
No. of Dealers: 7,000
1984 sales: $1.64 bil.

Store design tradename: "Store of First Choice."
First conversion completed: April 1985
No. of dealers converted: 2*
Average size of completed conversions: 14,000 sq. ft.
Expansion plans: NA
Conversion costs for store design in existing unit: $3.50 to $4/ft.
Conversion time: 5 to 7 weeks (existing store)
Outside consultants: none (program developed in-house)
Color scheme for signage, fixtures: blue and tan

*through August 1985 Source: Cotter & Co. *NHCN* chart

Ace

ACE HARDWARE CO.
Oak Brook, Ill.
No. of dealers: 4,700
1984 sales: $926 mil.

Store design tradename: "Store of the Future" (with five basic lay-outs).
First conversion/prototype completed: March 1985
No. of dealers converted/new build: 10*
Average size of completed conversion/new build: 10,000-12,000 sq. ft.
Expansion plans: 60 by end of 1985 (50% new builds); 100-120 in 1986.
Conversion costs for store design in existing unit: $2.25 to $2.50/ft.
Conversion time: 180 days (existing and new build)
Outside consultants: National Retail Hardware Assn., Indianapolis (store design, merchandising, fixtures)
Color scheme for signage, fixtures: red and white

*through August 1985 Source: Ace Hardware Co. *NHCN* chart

Jim and Sandy Kite opened their 12,000-sq.-ft. Allied Ace Hardware in Pasadena, Tex., on March 14, which is the prototype for Ace Hardware's "Super Hardware" store design and layout in its "Store of the Future" program. This unit makes a strong visual presentation with bold, triangular price signs, murals and a race track format that exposes the consumer to 65 endcaps. The unit also has carved out a small area for the sale of building products, and an even larger part of the store in the back for its service department, where a customer can get paint mixed, glass, wire or tubing cut or arrange to hire a contractor. NHCN photos

Our Own

OUR OWN HARDWARE
Burnsville, Minn.
No. of dealers: 1,000
1984 sales: $105 mil.

Store design tradename: "How-To."
First conversion completed: February 1985
No. of dealers converted: 2*
Average size of completed conversions: 26,000 sq. ft.
Expansion plans: 25 units through 1986; 250 units through 1990
Conversion costs for store design in existing unit: $3.50/ft.
Conversion time: 90 days (existing unit)
Outside consultants: Chuck Ruhr Agency, Minneapolis (store design)
National Retail Hardware Assn. (tentative, fixturing/merchandising)
Color scheme for signage, fixtures: red and white

*through August 1985 Source: Our Own Hardware *NHCN* chart

Our Own Hardware's "How-To" store design was first put into a 10,000-sq.-ft. unit located in the town of Northfield, Minn., a light industrial, agricultural and college community. Its manager, Lee Lansing, claims that the store design concept has successfully drawn customers from surrounding communities, and that his unit's sales, earnings and productivity have improved since the program was installed in February. The store uses 5-ft. gondolas around the borders of its race track layout, although it is also experimenting with movable, 8-ft. warehouse racks that currently are stocking a wide range of housewares. This store also offers a menu of services that include tool rental and repair of outdoor power equipment. NHCN photos

NHCN SPECIAL REPORT: HARDWARE CO-OPS' STORES OF THE FUTURE

Hardware co-ops gamble on stores of future

(Continued from page 27)

Some in the industry commented that the co-ops' prosperity, along with the dealers,' is also at stake here.

Dramatic move was needed

"All the prototypes have the same thing in mind: Moving their dealers into the 1990's," said William Sands, senior vp for Retail Planning Associates, the Columbus, Ohio, design firm acting as American's consultant. "And among those dealers that don't go along, many are going to be history."

The co-ops have been signing up dealers for their respective design programs aggressively, and as many as 1,000 dealers could be sporting the new Store of the Future look over the next five years if the buying groups' expansion plans are on target.

That so many dealers are clamoring for the programs is a testament to their increasing level of sophistication. "It doesn't take a genius to see that if your store is increasing its sales by 10% in a market that's growing 25%, you're losing ground," said Robert Hynes, American's "Servistar" program manager. "Plus, our dealers are looking at chains such as Scotty's [the Winter Haven, Fla., home center giant], which carries only around 7,500 sku's, and concluding that 'the consumer needs to go someplace else to complete the project.' We're making the stores more presentable to attract that customer."

Through these store design programs, the co-ops have also latched onto a powerful marketing vehicle to sell dealers on their other support programs and have been using the store design as a hook to lure in more dealers to use their variety of services and align more closely to the co-op.

"The dealer-owned co-ops, in the past years, have really lost control over the operations of the independents," explained John Gustafson, Our Own's store services manager. "So we're looking to establish what amounts to a total marketing and licensing agreement in our 'How-To' design program, that the dealer would adhere to strictly."

Hynes of American spoke of cultivating a "chain mentality" among dealer-members through the program "within an independent framework. These guys are all strong entrepreneurs, but the ballgame's changed, and now they're coming up against well-financed chains with 100,000-sq.-ft. stores selling everything they sell and more."

The battlelines were drawn only two months after American Hardware Supply opened its Servistar "Store of the Future" prototype in Long View, Tex., last August when, two months later, Payless Cashways moved next door with a 32,000-sq.-ft. unit with a 50,000-sq.-ft. lumberyard. NHCN photo

Mike McClelland, vp-marketing for HWI in Fort Wayne, Ind., said his company wasn't looking to usurp any dealer's operational freedom. However, he did note that, "We are only as strong as the independent allows us to be."

Most of the independents contacted by *NHCN* did not feel their autonomy was being abridged when they signed up for the co-ops' store design and marketing programs, although most recognized that the potential for the loss of their autonomy existed as they depended more heavily on the buying groups.

Consumers changed; hardware stores didn't

In fact, most dealers confessed that the development and implementation of the store remodeling and remerchandising programs could not have come a moment too soon for the industry which, for the past several years, has been taking its lumps.

Consumer shopping habits have changed, and people have flocked to home centers which offer a wide assortment of merchandise and a one-stop shopping experience most hardware dealers were incapable of matching.

Between 1978 and 1984—the prime periods of growth in the home improvement industry—hardware dealers saw their compound annual sales growth rise only 6.8% to $10.5 billion, and their industry unit count for this period actually fell by 0.6%. There were 23,600 units opened at the end of 1984.

Comparatively, the store count for home centers and retail building materials outlets during the same time span grew at a compound annual rate of 7.6% to 22,200 units last year, and sales increased 11.2% to $52.7 billion, according to data published this year by the DIY Research Institute.

In the late 1970's and early 1980's, most hardware dealers—for either financial or philosophical reasons—were reluctant, if not outright opposed, to investing in improvements in their stores' appearance and merchandise assortment, preferring instead to take short-term profits over long-term market positioning.

These hardware dealers, say industry officials, were also saddled with an "image" problem of being considered high-priced by consumers, vis-à-vis home centers and warehouses, and had a bland or nondescript visual sameness that left their stores "boring," to quote one industry source, as a shopping environment.

During the period when hardware dealers' market share slipped, the five hardware co-ops thrived. DIY Research Institute data show that these companies had compound annual sales gains of 14.5% between 1970 and 1984. Last year, they reported aggregate sales of $3.9 billion, with 19,050 members.

Co-ops to the rescue

The strengths of the co-ops permitted them to assume a vanguard role in developing business improvement programs for their dealers. And, in late 1982, HWI, with assistance from a Canadian design firm Don Watt & Associates, took the initiative and brought out its "Do-it" store design and remodeling program.

"The idea of this program has always been to offer our dealers a total retail marketing package, which we believe will be the key in the future," said McClelland. "The esthetic improvements, while significant, were always secondary. What Do-it does is take a hardware store and turn it into a selling machine."

HWI can legitimately lay claim to igniting the resurgence in hardware retailing, and even its co-op competitors concede its program has been a rousing success, as dealers who converted to the format have realized first-year sales gains averaging 33% and second-year increases of 15%.

However, that Do-it was a viable commodity was one of the reasons spurring the other co-ops into action. "Competition from everyone woke all of us up and made us better merchants," said Hynes of American, based in Butler, Pa.

Earl Primm, Ace's store development manager, recalls when the Oak Brook, Ill., co-op held its fall convention in New Orleans in October 1983, only months after Home Depot and W. R. Grace's Houseworks exploded into this market with a total of seven stores.

After the convention, he remembers, "Larry [Gavin, Ace's president] and Ted [Costoff, the co-op's chairman] went back down to New Orleans and got together with our dealers. And they told us, 'We've got to do something.'"

Primm also notes that, with HWI's program already out and Sears having introduced its huge "Store of the Future" in King of Prussia, Pa., with a greatly expanded hardware department, Ace did not want to be left behind the crowd.

And so it began. Ace showed floor plans for its "Store of the Future" to dealers last fall in Las Vegas and signed up more than 200 dealers for conversion this spring at its buying show in Houston. American's 15,000-sq.-ft. prototype in Longview, Tex., opened August 1984.

Our Own, the Burnsville, Minn., buying group, installed its "How-To" store design and marketing program into a 10,000-sq.-ft. unit in Northfield, Minn., last February. And Cotter, based in Chicago, has developed, with considerably less fanfare, its "Store of First Choice" store design. In March, it converted a 20,000-sq.-ft. unit in Hartville, Ohio, and reportedly, an 8,000-sq.-ft. unit in Kentucky. (Cotter officials declined to be interviewed for this article.)

Even Coast-to-Coast, the Minnesota franchiser/supplier, has opened a 6,000-sq.-ft. "Coast-to-Coast Plus" store in St. Paul as part of an experiment with convenience-oriented neighborhood service outlets in metro markets.

Dealers eye market share growth

The co-ops have all placed their own mark on each of their designs (see other stories), even as they focus on similar things such as better signage, endcap and variable-pricing merchandising and physical improvements to a dealer's store.

There are nuances in each program that differ markedly, however. The color schemes for interior and exterior designs vary somewhat as do floor layouts, although the race track appears to be favored by dealers to expose more of their stores' endcaps.

HWI has the advantage of having a two-and-a-half-year lead in the development of its program over its competition. However, it appears to be a bit more rigid in enforcing its store design guidelines and in its dealer qualifications, according to Norb Newman, a design consultant for NRHA.

Ace's and Cotter's market approach looks to attract some contractor business, while American's is aimed more directly at the female shopper. And Our Own's store is the only one using warehouse racking in a smaller unit. But, while esthetically pleasing, Our Own's concept will lag behind the others until it gets its stores on computer.

There seems to be a new excitement among dealers in the industry, which was described by the co-ops' officials as "healthy," and "having survived the shakeout."

"Over the past five years, you've seen unbridled growth from the home centers and warehouses," noted HWI's McClelland. "But I doubt that level of growth over the next five years will continue, and hardware dealers will be able to step in and take some market share again."

Canadians play pivotal role in co-ops' design firm use

NATIONAL REPORT — In 1978, a Canadian firm which had successfully developed modern interior and exterior designs for a number of retailers, was commissioned by Hardware Wholesalers Inc., to come up with something new and different for its dealer-members.

Four years later, HWI, the Fort Wayne, Ind., co-op, came out with its "Do-It" store design and marketing program, to which 87 of its 2,600 members have converted over the past three years.

During that period, Don Watt & Associates, the Canadian firm, has played a pivotal role in the expansion of Do-It and has led the way for other design firms to participate in the formation and implementation of the various "Stores of the Future" prototypes being introduced by such co-ops as American Hardware Supply, Our Own Hardware and Ace Hardware.

"Anyone can retrofit a square box, but when a co-op has a dealer with an L-shaped store that has dead spaces and merchandise problems, that's where we can come in," said William Sands, a senior vp for Retail Planning Associates (RPA), the Columbus, Ohio, firm used by American, the Butler, Pa., co-op. "I think the designer should do more than design, and we've planned our concepts on the basis of how American, and its dealers, want to do business.

"I likened the hardware industry, before all these store design prototypes, to something between a garage sale and a museum," added George Fulton, an account executive with Chuck Ruhr Agency, the Minneapolis ad agency that helped Our Own Hardware, the Burnsville, Minn., co-op, initiate its "How-To" store design program. "But now, dealers have to play 'capture the customer' and are using store design to go back to selling what they know best."

In HWI's case, Watt meets with a prospective dealer to evaluate his store's design needs and to establish "visual differentiation" for that unit from its competitors, said Ed Tisdale, HWI's divisional merchandise manager. "Do-It is not a cookie cutter program, and we have no real prototype. Watt's people come in and design each store individually."

Tisdale added that Watt will then set up the store's layout to maximize its customer traffic flow and "specify" which interior components to use—including stripping on the floor, color schemes, murals, interior signage (down to the size of the lettering), architectural changes and, even, the physical location of the store's promotional 3x3-ft. dump bins—to create what Tisdale called a kind of "symmetry" in the store.

For its services, which include post-conversion re-evaluation of the store's design and performance, Watt charges HWI's dealers a design fee of between $5,000 to $10,000, depending on the unit's size and the extent of work needed during the conversion.

Since introducing its Store of the Future last October, Ace Hardware, the 4,700-member co-op in Oak Brook, Ill., has developed five separate prototype layouts for variously sized stores from 5,000 sq. ft. to over 25,000 sq. ft. In drawing up these layouts and the merchandising programs that accompany them, Ace employed the services of the National Retail Hardware Assn. (NRHA), Indianapolis.

"What we're doing with Ace is repositioning its dealers with store designs and internal systems that are aimed at increasing a store's productivity," said Norb Newman, a design consultant for NRHA, which is also providing, through its state associations, merchandising and fixturing assistance to HWI dealers converting to Do-It and is expected soon to be working with Our Own Hardware, the Minnesota-based co-op, on its "How-To" store design.

That outside design consultants are used by the buying groups at all demonstrates the

(Continued on page 188)

IMPORT/EXPORT REPORT

Allied backs ban on closed market countries

Foreign nations that do not open their trade doors wider to goods made in the United States should be impeded, or outright banned, from being able to ship their merchandise into this country.

This was the stark message relayed to state and Federal legislators by Allied Hardware Services Inc., a Chicago marketing group of 28 wholesalers selling to more than 20,000 dealers, in a "resolution" its president hopes will spur the rest of the hardware industry to action.

"We're not expecting any sweeping changes in our laws as a result of our document," said Allied's chief Phil Mason. "But we hope that by seeing what we've done, others in the industry will follow suit and pay attention to the situation."

That "situation" is a trade deficit in the United States totaling more than $124 billion, due in part to the strength of the dollar which currently is estimated to be between 25% and 35% overvalued on the international markets, and prohibitive trade restrictions by overseas governments, both in Europe and Asia but particularly in Japan, whose intransigence toward open markets has been well-publicized.

Allied's 347-word "resolution," approved by its board of directors and sent out to lawmakers on May 4, calls for the "continuous supply of high quality, competitively priced hardware products, from both domestic and foreign manufacturers," which it said was the "lifeblood" of distributors and retailers.

The document asserts that the disparity between the free and open trade policy in the United States and those of other countries was the main culprit behind the American trade deficit. To reverse this inequity, Allied has petitioned the United States Government to enact legislative and administrative "actions" which, in essence, will "force" foreign countries to lower their trade barriers.

Those overseas governments that cooperate will be met by a policy of "reciprocity" here, and "be viewed by the petitioners as [taking] an important first step in preserving a trading system which has raised the standard of living of this nation and many parts of the world."

For those nonobliging governments that stand behind a phalanx of trade obstacles, Allied "demands" that the United States government "establish similar barriers to that nation's products in this country."

Mason told *NHCN* this month that the seed for the resolution was planted by George J. "Bud" Schlitt, the vp-domestic sales for The Cooper Group, who spoke at the 1984 National Home Center Show of the competitive disadvantages United States tool makers were facing on the international market because of trade restrictions.

Allied, which has dealers in 44 states, asked all 28 of its wholesaler-members to write their two senators and state congressmen, and send along a copy of the petition. About one-third have done so.

Mason said his organization has received an "acknowledgement" from the White House, and one wholesaler has gotten favorable responses from Sen. John Glenn (D-Ohio) about the issue.

'We're not expecting any sweeping changes in our laws as a result of our document. But we hope that by seeing what we've done, others in the industry will follow suit and pay attention to the situation.'

—Phil Mason,
Allied Hardware Services

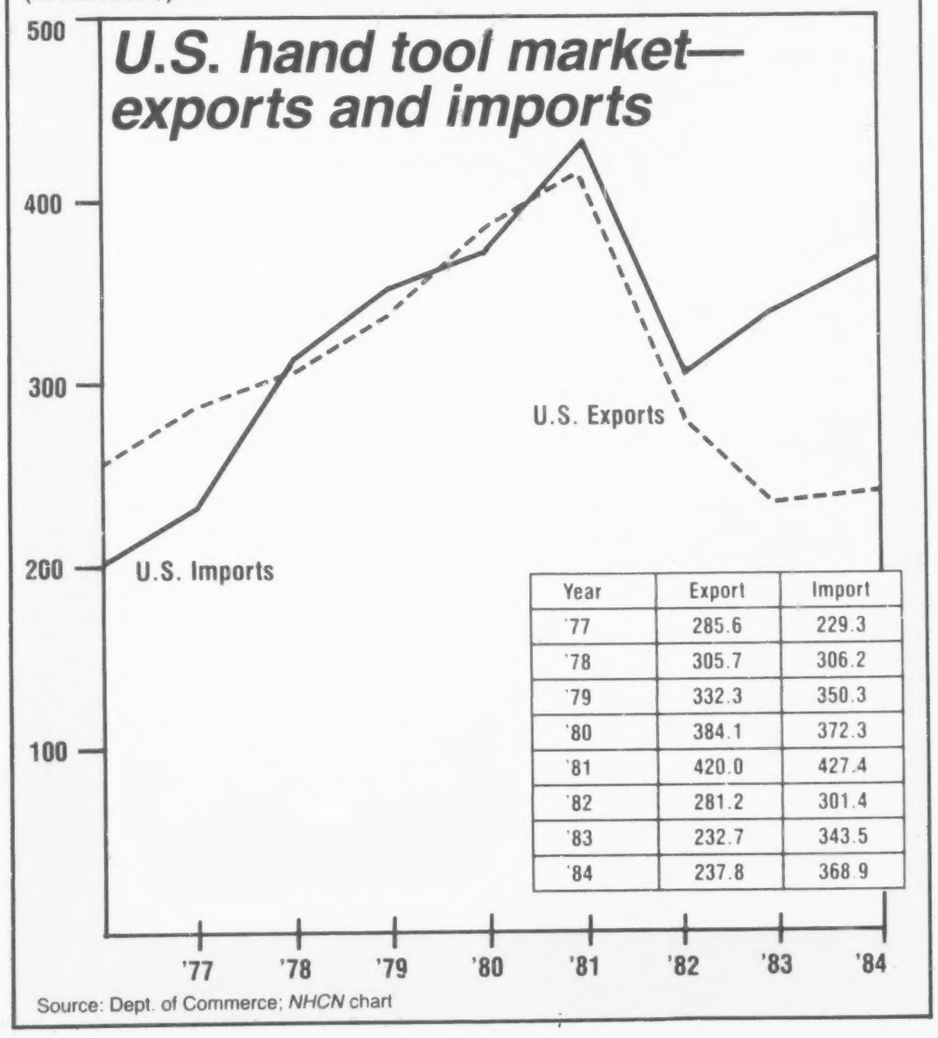
However, one letter of disagreement came from Marjorie Searing, the director of the office of assessment in the Dept. of Commerce, who insisted that the imposition of such a policy recommended by Allied would be inimical to long-term international trade, particularly with developing countries.

Mason said he could not comment on whether the Reagan Administration, which has been reluctant to hold such leaders as Japan's Prime Minister Yasihiro Nakasone accountable for their countries' trade policies, would be receptive to the kind of measures Allied was advocating.

"The point is, though, that something has got to be done, and quickly," said Mason. "Anybody who doesn't think our trade deficit is serious is making a big mistake, whether it's a manufacturer or a politician."

What Allied wants, he stated, is "the development of a legitimate world market, where everyone is playing on the same field. I have a daughter who is over in China right now, and she commented to me about the prospects for trade with a country of one billion people, and I agree. But we need a system that puts all trading partners on some kind of level plane."

(in millions $)



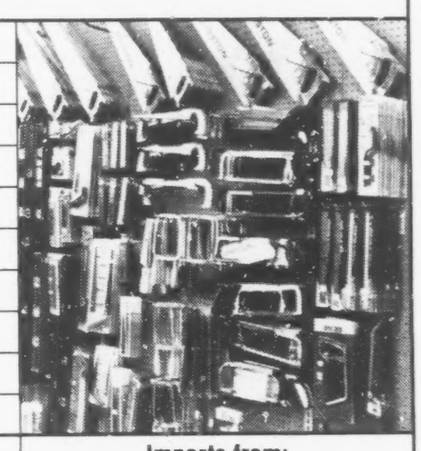
Year	Export	Import
'77	285.6	229.3
'78	305.7	306.2
'79	332.3	350.3
'80	384.1	372.3
'81	420.0	427.4
'82	281.2	301.4
'83	232.7	343.5
'84	237.8	368.9

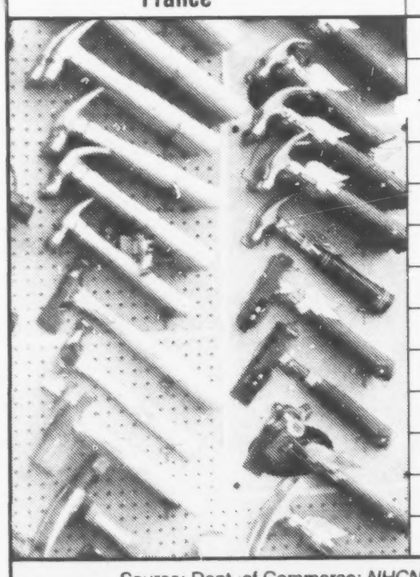
Source: Dept. of Commerce; *NHCN* chart

U.S. hand tool imports and exports

(in millions $)

Exports To:	1983	1984	% change
Total	235.4	237.8	1.02
Canada	51.0	58.7	15.00
United Kindgom	18.3	22.7	24.00
Australia	11.1	13.3	20.00
Japan	12.3	11.3	(8.00)
Belgium	10.1	9.7	(6.00)
W. Germany	7.3	8.5	16.00
Mexico	5.2	8.3	61.00
Netherlands	6.9	7.6	10.00
France	9.1	7.5	(18.00)

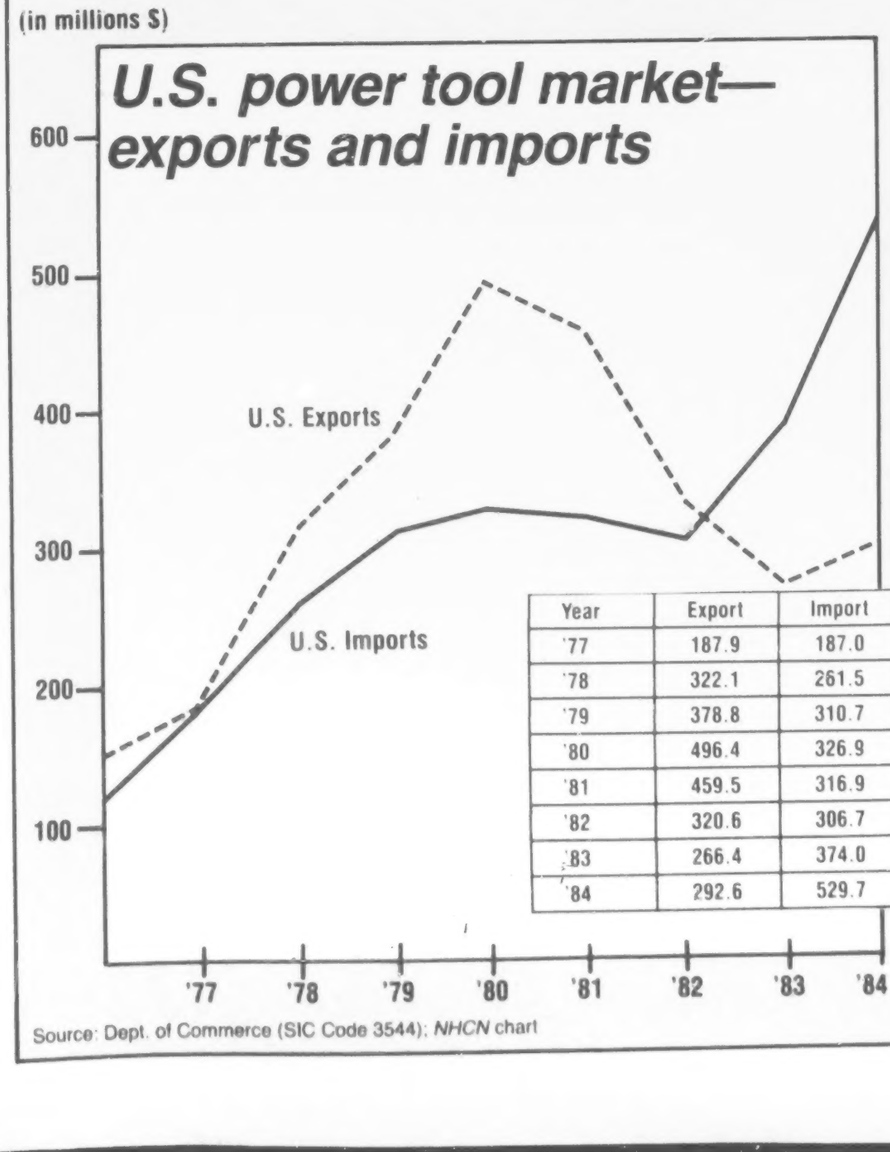




			Imports from:
344.8	368.9	7.00	Total
161.6	153.5	(7.00)	Taiwan
73.1	76.0	4.00	Japan
20.3	25.4	25.00	W. Germany
9.3	13.9	49.00	China
10.0	13.5	35.00	United Kingdom
11.5	13.0	13.00	Korea
7.5	10.0	35.40	Canada
6.9	8.7	27.00	Switzerland
6.5	8.5	30.00	Hong Kong
5.4	6.2	23.00	Sweden
4.3	5.0	16.00	India

Source: Dept. of Commerce; *NHCN* chart

(in millions $)



Year	Export	Import
'77	187.9	187.0
'78	322.1	261.5
'79	378.8	310.7
'80	496.4	326.9
'81	459.5	316.9
'82	320.6	306.7
'83	266.4	374.0
'84	292.6	529.7

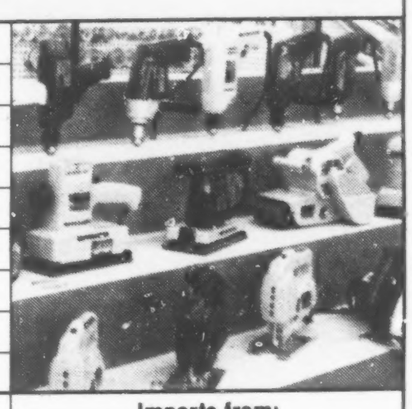
Source: Dept. of Commerce (SIC Code 3544); *NHCN* chart

Power tool exports from the United States peaked in 1980 with $496 million worth of goods being shipped. Hand tools followed suit a year later with $420 million worth shipped. Both have experienced declines since. The importing of power tools continues to be strong, with steady gains throughout 1984. Hand tool imports were slightly less consistent. Taiwan outdistanced all other countries in the hand tool import field, with Canada receiving the largest quantity of U.S. hand tool exports.

U.S. Power tool imports and exports

(in millions $)

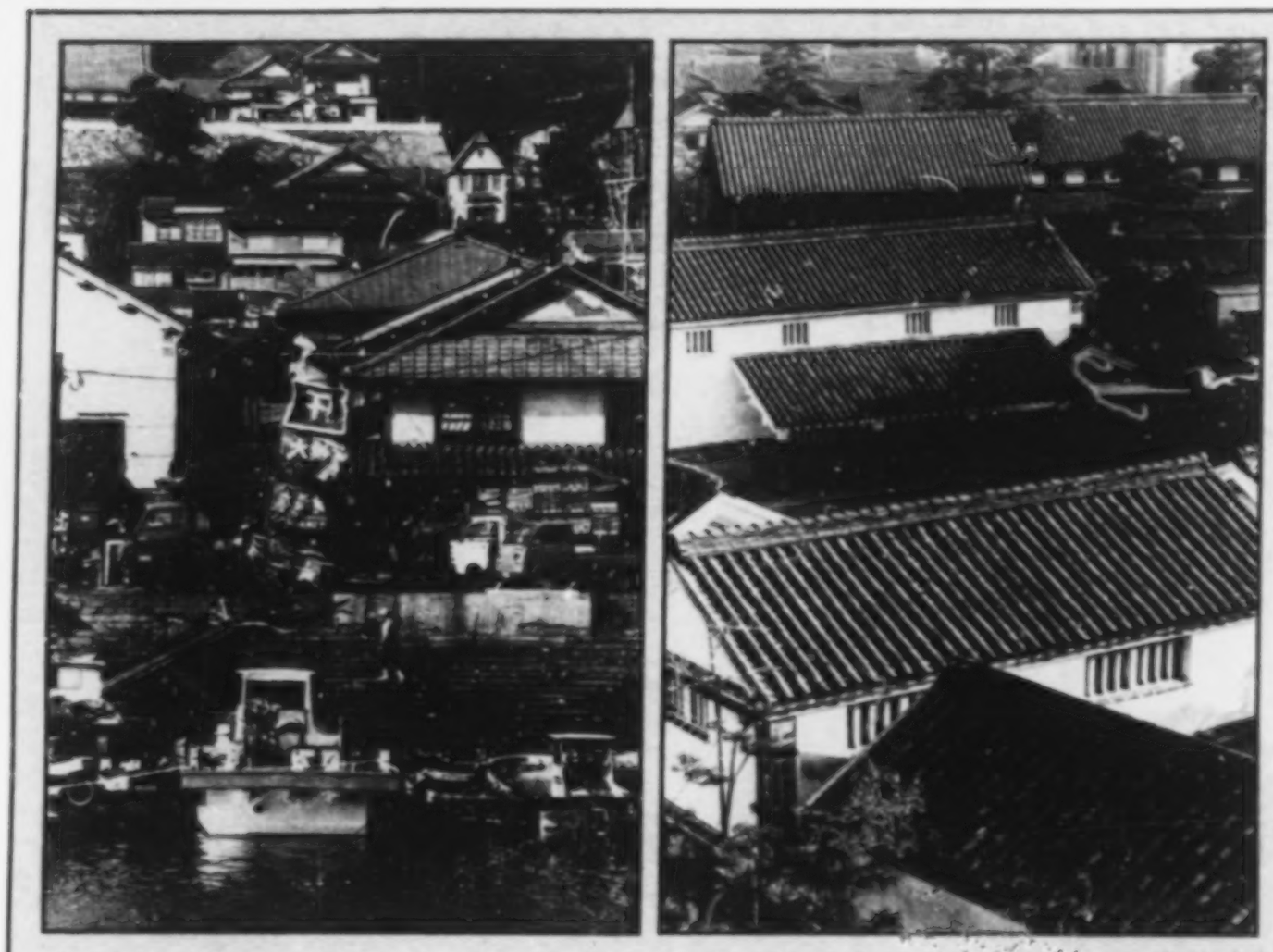
Exports To:	1983	1984	% change
Total	266.4	292.6	9.9
Canada	64.6	70.0	8.4
W. Germany	22.7	25.0	10.3
Australia	15.2	24.0	58.0
France	22.1	21.0	(4.9)
United Kingdom	15.2	18.0	18.5
Japan	13.7	16.0	17.0
Netherlands	11.5	11.4	8.6
Mexico	7.1	10.5	48.0



			Imports from:
374.0	529.6	41.0	Total
171.4	265.7	55.0	Japan
62.2	80.8	30.0	W. Germany

Source: Dept. of Commerce; *NHCN* chart

Japanese home centers unveil growth plans



Close construction of Japanese homes, seen here in the town of Tonomachi-mura (left), leaves little room for additions. Fragile construction materials, such as roof tiles, shown in Kurashiki (right), make major DIY home remodeling projects difficult in Japan. Photos courtesy of Japan Air Lines

The growth of the Japanese home center industry

Year	Number of home center units	Sales (in millions $)
1973	28	44
1974	60	120
1975	120	288
1976	240	624
1977	350	980
1978	450	1,260
1979	550	1,540
1980	670	1,876
1981	800	2,240
1982	1,050	2,688
1983	1,220	3,252
1984	1,320	3,600
1985*	1,400	4,000

*projected
Source: Japan DIY Industry Association, Tokyo; NHCN chart.

The Japanese home center industry has experienced a rapid period of growth since the early 1970's, when there were only 28 units. Today, there are some 1,400 home centers in Japan doing an estimated $4 billion in business.

In an attempt to stake out their claims geographically as well as to exploit untapped segments of the markets, Japanese home centers are announcing aggressive expansion plans, and fine-tuning their merchandising programs.

These new moves on the part of the nation's big hitters reveal an urgency to nail down sites and mine a greater return from a market that is becoming more competitive.

"At present, the Japanese home center industry is entering the puberty stage and is expected to reach a maturing stage in the 1990's," said Tsuguo Endoh, editor of Japan's *Home Center* magazine, a Lebhar-Friedman publication.

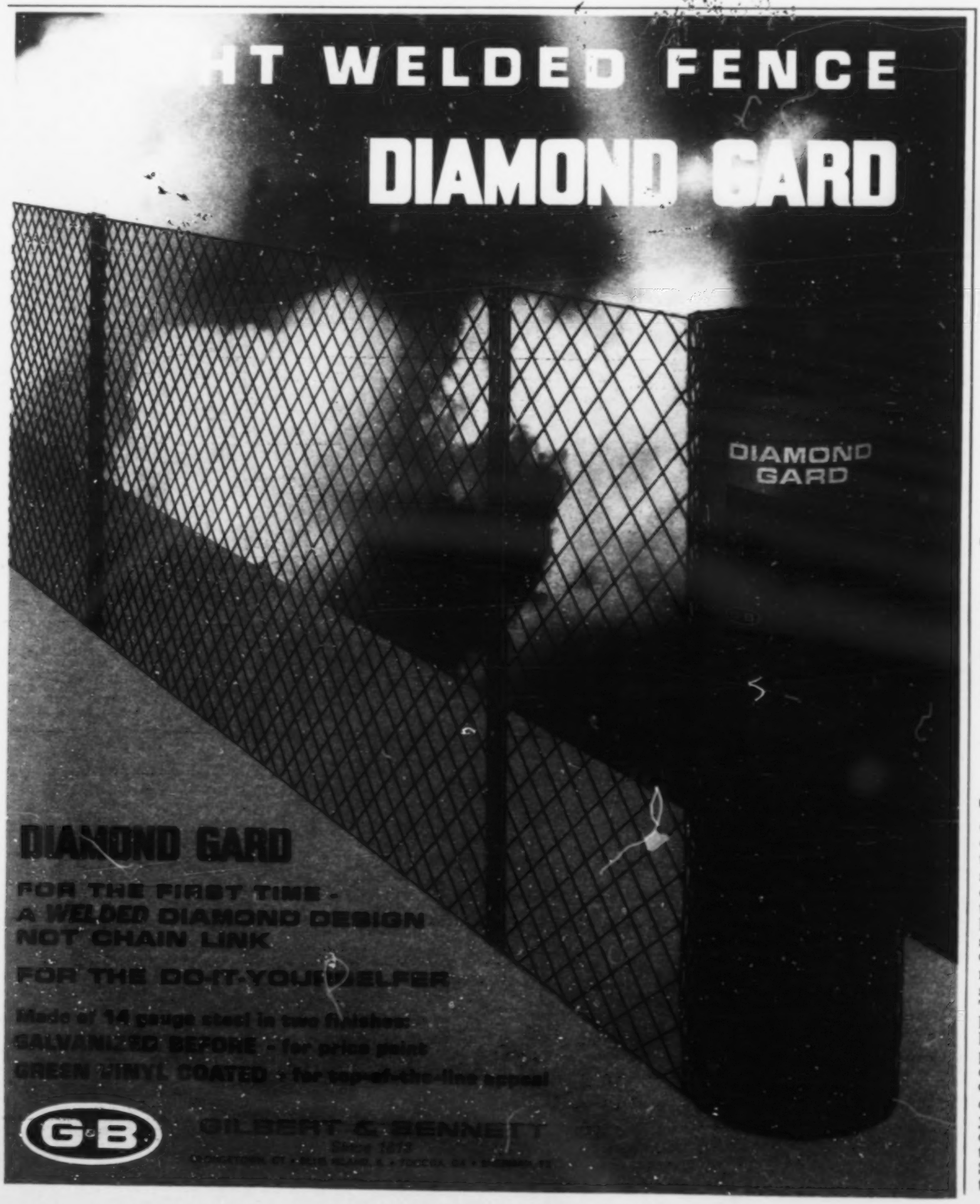
International Update

Within the past six months, Japan's home center chains took the following steps:

- Viva Home Centers, which does an annual volume of $196 million and is the country's largest home center chain, said it planned to open 50 additional stores in the "near future," to bolster its current count of 28.
- Doit Home Centers, the $64 million chain of 12 units that opened the first home center in Japan 13 years ago, responded to tight Japanese regulations concerning larger stores by opening a small unit in the center of Tokyo. The 5,400-sq.-ft. store is only one-fourth the size of the usual Doit store. Its location is also unusual, since most home centers are located in the suburbs of the city.
- Yet another chain, the $80 million Tokyo Hands, opened a store in the center of Tokyo. This unit, described as "a new lifestyle store" departs radically from home centers of the past. It has far more sophisticated merchandise displays.
- In a move to increase the use of lumber on the part of do-it-yourselfers, a number of home centers, including Doit, said they would host a "Summer School for Using Lumber" in their stores this year.

'At present, the Japanese home center industry is entering the puberty stage and is expected to reach a maturing stage in the 1990's.'

—Tsuguo Endoh,
editor,
Home Center Magazine



SURVEY REVEALS DISPARITY

Retailers open to meet public shopping need

NATIONAL REPORT — While a majority of home centers and lumberyards open their doors to the public on Saturday's as well as on weekdays, there seems to be less of a consensus about the best length of workday.

Two trends in the marketplace were brought to light in a recent survey of 160 building materials retailers conducted on behalf of *NHCN* by Lebhar-Friedman Research, New York. The first is that consumer-oriented home centers, to an even greater extent than contractor-oriented retailers, keep their units open longer hours on weekdays than on Saturday's. The second is that contractor yards tend to cut store hours back to a greater extent on Saturday's than do consumer stores.

The disparity in business hours at home centers and lumberyards apparently reflects the need on the part of consumer businesses to meet the demands of a public that often needs to shop later in the day. On the other hand, contractor buying habits, in terms of the time of day during which transactions occur, are more predictable and fall within a narrow set of boundaries early in the day.

The survey showed that nearly one-third of home centers with over 50% consumer volume stayed open more than 11 hours on weekdays. That share compared with less than 2% of contractor-oriented yards.

For lumberyards in particular, the most popular weekday was either nine or 10 hours in length. Virtually 3 of 4 lumberyards responding to the survey designated one of those time frames as being their typical weekday.

Home centers, attempting to capture greater shares of the consumer market, reported more diverse business hours. While close to 52% said they stayed open either nine or 10 hours daily during the week, 1 of 5 said they opened for a 12-hour day, and 1 of 10 reported even longer hours.

As for Saturdays, a key day for consumer traffic, some 43% of respondents with over half their volume going to consumers said they stayed open more than nine hours. On the other hand, less than 6% of respondents with less consumer trade reported similar business hours.

While only 1 of 4 home centers said they stayed open less than eight hours on Saturday's, some 65% of lumberyards did so.

Business Hours by Type of Store

(% Reporting Store Hours)

Number of Hours	Weekdays		Saturdays	
	0-50% Consumer	51%-100% Consumer	0-50% Consumer	51%-100% Consumer
0-5	0	0	17	5
5-6	5	0	33	11
7-8	9	6	24	29
9-10	71	54	17	37
11-12	10	31	3	14
13-14	0	9	0	5

Consumer-oriented home centers tend to stay open longer weekdays and on Saturday's than do contractor yards.

Source: Lebhar-Friedman Research, New York. NHCN chart.

Senior workers losing ground in battle against early retirement

NATIONAL REPORT — The fact that only 16% of all men 65 and older are in the labor force—compared with 48% in 1947—reflects a continuing nationwide trend toward early retirement. A new study from the Conference Board, the New York business research organization, reports that "efforts to discourage older workers from retiring before age 65 or to encourage them to postpone retirement beyond age 65 are exceedingly rare."

The study, called, "Managing Older Workers: Company Policies and Attitudes," was based on a survey of 363 companies. The responses showed that the vast majority of firms are continuing to encourage retirement before the age of 65. Over 60% of surveyed companies had early retirement inducements in their pension plans, but only 3% offer their employees incentives to continue working beyond the age of 65.

Some 14% of firms reported an average retirement age of 65 or older, down from 42% in 1972. In 51% of firms, the average retirement age is 62 or less.

When comparing the incidence of part-time labor to full-time employment, the study found that the former seemed to be much more commonly found among older workers. While 35% of all men 65 and older worked full time in 1974, this figure has dropped to 8% today. On the other hand, nearly half of all employed men 65 and older are working part time, up from about one-third in 1963.

Some 7.5% of all women 65 or older are in the labor force, down from the record highs of 10% to 11% in the mid-50's and early 60's. On the other hand, some 42% of women between the ages of 55 and 64 are working.

Like men, women are taking early retirement more often than before. Of all women who began taking social security benefits in 1980 (the latest year for which data is available), 76% received reduced benefits for early retirement, up from 70% in 1970. The comparable figure for men was 70%, up from 60% in 1970.

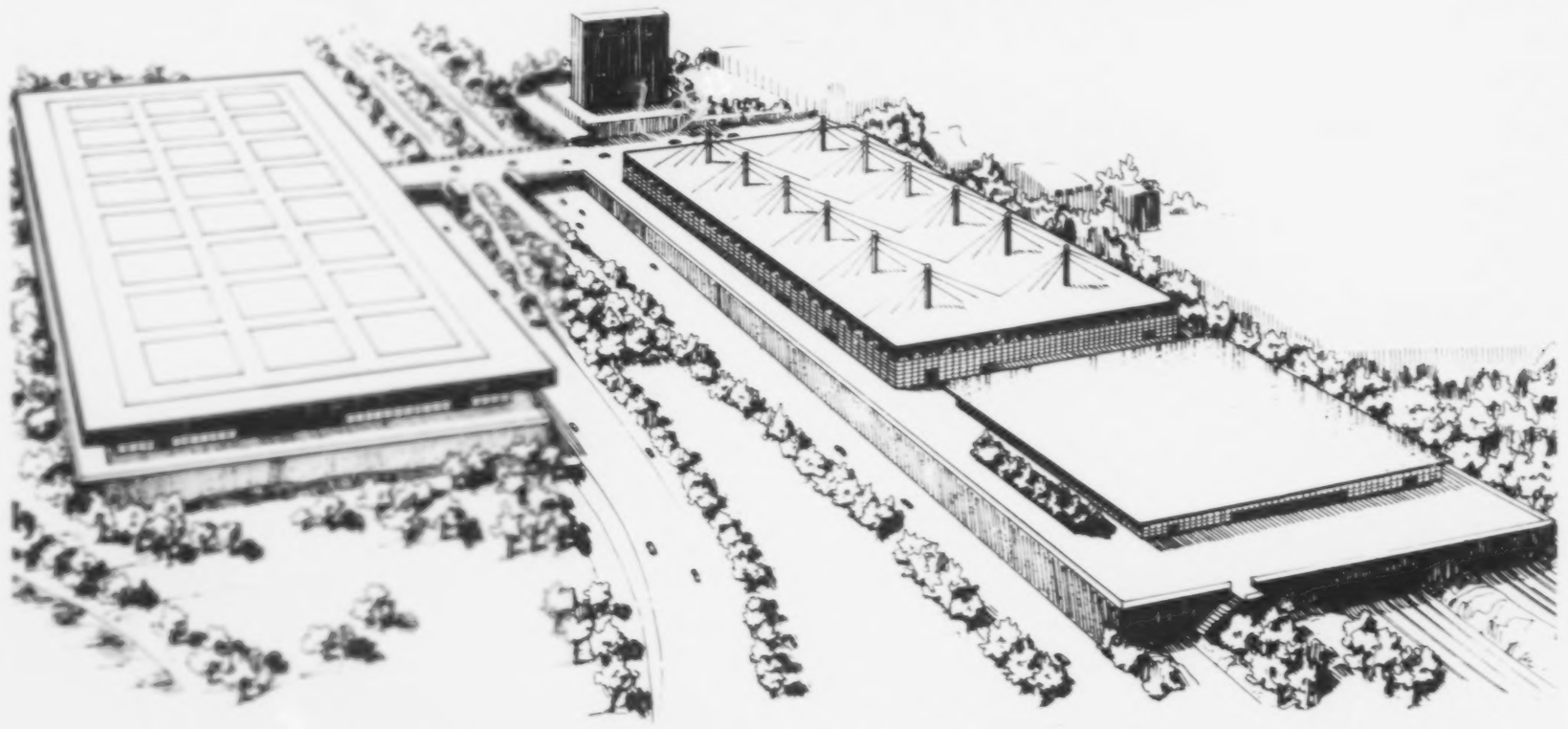
The study raised two points that questioned this scenario:

- If productivity advances significantly faster in the years ahead than it has over the past decade, strong economic growth could be achieved even with a more slowly growing workforce.
- Because competition among baby-boomers for top level jobs is expected to intensify, companies are likely to encourage early retirement, so that sufficient opportunities arise to satisfy the younger members of workforce.

Plan now to exhibit at the

1986 NATIONAL HARDWARE SHOW®

August 11-14, 1986
McCormick Place Complex, Chicago



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On August 11, 1986, the National Hardware Show will open its doors to the biggest event in its history—with more space, better space, room to expand, room to demonstrate, room to show *all* your lines. It will be a huge dynamic show with a new look, new energy and new marketing opportunities for every exhibitor.

- **A huge new building!** Adjacent to McCormick Place will be one of the largest, most lavish exhibit facilities ever constructed. Ceilings tower 35'-40' high—room for even the largest display, and with virtually no pillars or posts to interfere with exhibits.
- **A total of 1,625,000 feet of space!** More space than ever, yet organized to make shopping easier and more convenient than before.
- **Separate area for Building Supplies!** Located on the Mall Level of McCormick Place, it will give even the major building supply companies ample room to display their complete lines.
- **Separate floor for Lawn & Garden/OPE!** In the new building, lawn and garden exhibitors will have all the room needed to display and demonstrate their products.
- **Pre-Show publicity!** Already, momentum is building among manufacturers to reserve exhibit space at what will be the most heavily attended hardware show in history! You can't afford to wait! Plan now to exhibit at the show that's growing to meet **your** need to grow. Send in this coupon today!

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Please send me complete information and space application for the 1986 National Hardware Show.

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ADVERTISING & MARKETING

Payless outspends pack in 1Q TV advertising

NATIONAL REPORT — Television ad spending topped the $7.5 million mark during the first quarter among the nation's leading home center advertisers. This marks a 34% increase industrywide for the period.

The top spender continued to be Payless Cashways, with expenditures of more than $1.5 million for its first quarter TV advertising. That represents a 25% increase over the same period last year and almost a 100% increase over two years ago, according to numbers supplied by the Television Bureau of Advertising (TVB).

The biggest jump at Payless was Somerville Lumber in the Boston area. Somerville increased its TV ad expenditures 86% to more than $170,000 during the first quarter.

Harold Cohen, president of Somerville Lumber, said that the company did not really change its expenditures for the first quarter, but that last year his first quarter campaign began at the very end of March and continued into April, whereas this year, his first quarter campaign began early in March and extended into April for a short time.

The largest percentage increase in television advertising was made by Handy Andy in the Chicago market. The chain increased its TV expenditures more than 9,000% to $103,800. Handy Andy president Ron Rashkow declined to comment on the increase, but it is thought to be due to the increasing competitiveness of the Chicago market with the entry of Builder's Square last year and the opening of additional Mr. How stores.

Joining the top 15 list this quarter is Pay 'N Pak of Kent, Wash. The chain showed an increase of 2,426% in television advertising over first quarter of last year. The increase brought expenditures up to more than $270,000 over last year's $10,000 during the same time period. The chain declined to comment on the increase.

Spending almost 450% more during the first quarter of this year is Wickes' Builder's Emporium in the hypercompetitive Los Angeles market. That increase brought expenditures up to more than $600,000 for the first quarter, compared to $115,000 for the first quarter of last year.

The most dramatic plunge in TV ad expenditures was seen at Scotty's. The Florida-based chain decreased TV advertising by almost 80% to about $100,000. That is in comparison with a first quarter expenditure of more than $500,000 in 1984 and about $300,000 in 1983.

According to Joe Galloway, assistant advertising and public relations director at Scotty's, "Those dollars were rechanneled into print media. We just started a series of monthly sales catalogs in February and those dollars had to come out of our budget somewhere. We believe it was a good decision. We have run three catalogs and the results in terms of sales has been tremendous."

The television ad figures are compiled from broadcast advertisers' reports and may not indicate the amount of money actually spent by the chain because some expenditures may have been reimbursed through co-op ad programs.

TV advertising expenditures 1st quarter of 1985

Chain	Market	Expenditures Jan./Mar. '85	Jan./Mar. '84	% Change
Payless Cashways	Multimarket	$1,692,200	$1,348,400	+ 25
Payless Cashways	Multimarket	822,600	685,500	+ 20
Furrow's	Multimarket	591,300	460,400	+ 28
Lumberjack	Sacramento	104,800	109,400	– 4
Somerville	Boston	173,500	93,100	+ 86
Wickes/Builder's Emporium	Los Angeles	627,600	115,300	+ 444
The Home Depot	Multimarket	601,200	251,700	+ 139
National Lumber	Los Angeles	458,700	532,200	– 14
Plywood Minnesota	Multimarket	359,200	270,600	+ 33
Hechinger	Multimarket	293,000	170,200	+ 72
Mr. HOW Warehouse	Multimarket	283,600	—	—
Pay 'N Pak	Multimarket	270,300	10,700	+2,426
Builders Square	Multimarket	263,900	381,900	– 31
Lowe's	Multimarket	221,500	110,400	+ 101
Mr. Goodbuys	Multimarket	199,800	301,600	– 34
Menard Cashway	Multimarket	174,800	229,400	– 24
West Building Materials	Multimarket	124,500	108,800	+ 14
Scotty's	Florida	109,900	503,300	– 78
Handy Andy	Chicago	103,800	1,100	+9,336

Source: Television Bureau of Advertising, Broadcast Advertisers' Reports; *NHCN* chart

Anaheim Manuf. joins AT&T rebate program

ANAHEIM, Calif. — Anaheim Manufacturing is teaming up with AT&T in AT&T's Opportunity Calling rebate program.

The program offers consumers who use AT&T's long distance service the ability to earn credits which can be exchanged for rebates or savings certificates for products made by participating manufacturers.

Anaheim Manufacturing is offering rebates of $15, $10 and $4 on its top three Sinkmaster disposers. Customers will be informed of the products' availability through four-color catalogs sent to them by AT&T.

Point-of-purchase materials will be provided by AT&T and Sinkmaster to participating dealers.

The AT&T rebate offer will precede, and then coincide with, Sinkmaster's own holiday rebate program, scheduled to begin in November. The AT&T promotion began last month and will continue until Dec. 31, 1985, with redemption continuing until Feb. 28, 1986.

READ CLASSIFIEDS

Cook's new dist.

BIRMINGHAM, Ala. — Cook's Cabinets Inc. has been appointed as the distributor of GlamourTop countertops in Missouri, northern Arkansas and northeastern Oklahoma.

Cook's will be stocking 57 colors and patterns of GlamourTop countertops.

Only one company is as big as your fastening market.

Only one company makes a complete line of top-quality stapling and nailing products, for *all* your customers—professional to DIY-er to every member of the family.

Only Bostitch. And we don't stop there.

Add the Bostitch Fastening Center program—it includes a wide choice of point-of-purchase displays, in-store signs, co-op advertising and, most important, the promotional skills of your nearby Bostitch marketing representative. Now you've got the formula for success in the growing staple and nail fastening market.

Contact your Bostitch rep for the full story on the full line.

Bostitch. We not only make it good, we make it for everyone.

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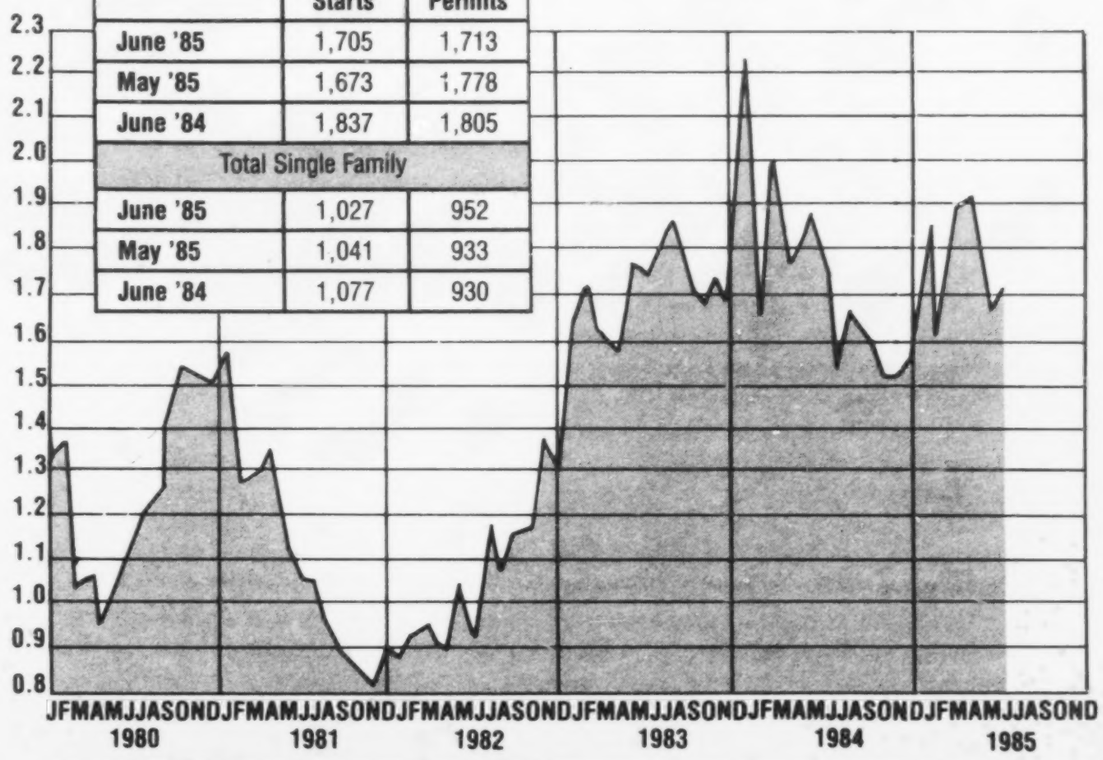
HOUSING WATCH

U.S. housing starts

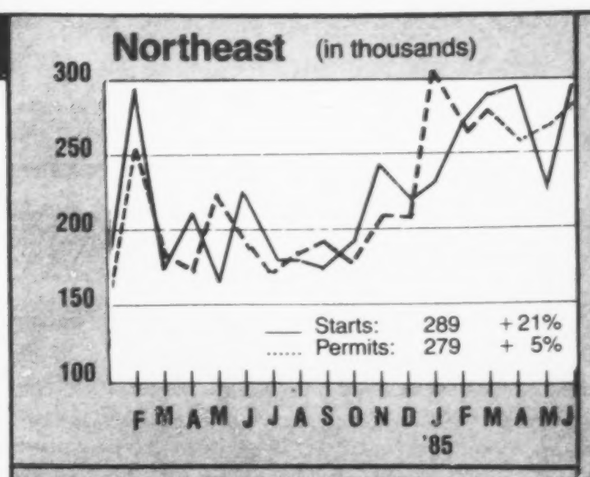
Seasonally adjusted annual rates

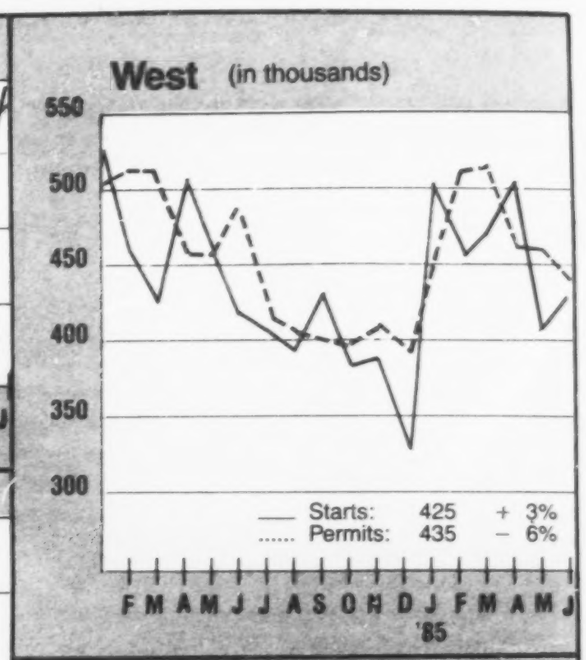
TOTAL (in thousands)	Starts	Permits
June '85	1,705	1,713
May '85	1,673	1,778
June '84	1,837	1,805
Total Single Family		
June '85	1,027	952
May '85	1,041	933
June '84	1,077	930

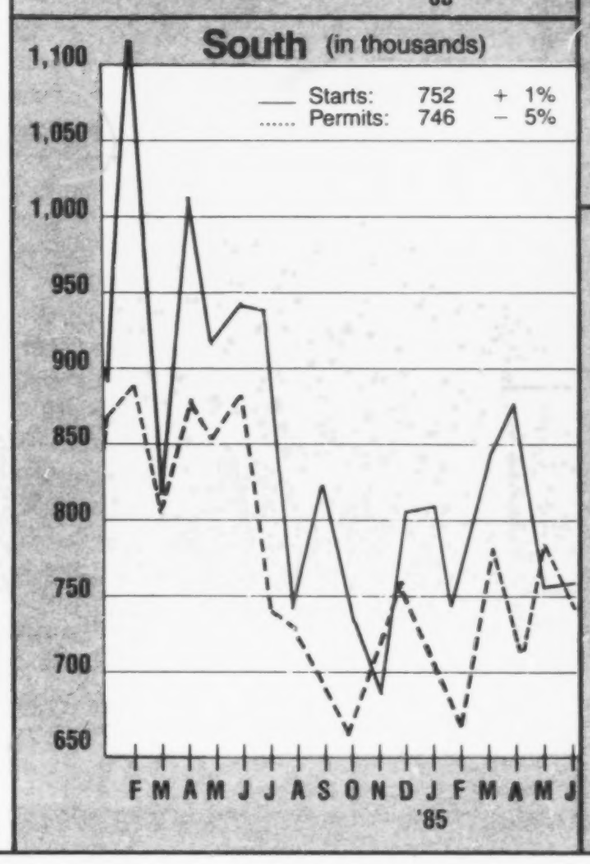


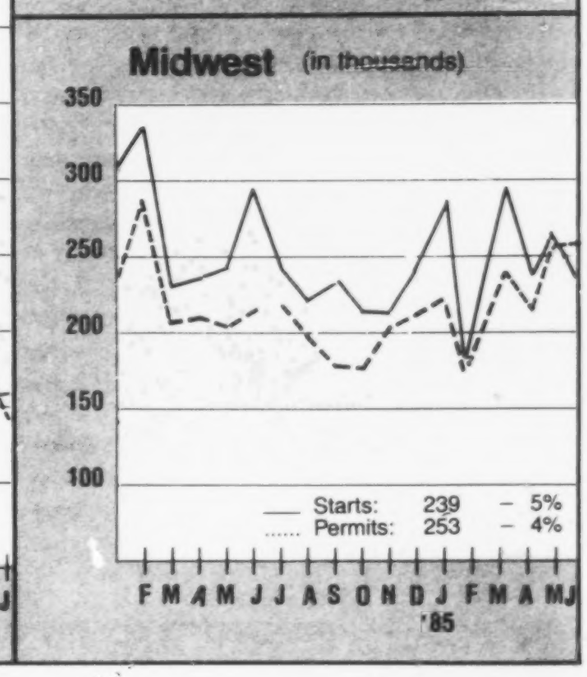
The Nat'l Assn. of Home Builders credited the construction boom in the Northeast with sparking the 2% increase in housing starts recorded in June. That region saw new starts rise 21%. The 2% increase for the nation, however, only produced an annualized 1.7 million new dwelling units, which is 100,000 units below NAHB predictions for the year. Despite that June number, the trade organization is still projecting 1985 will produce 1.8 million new starts, 100,000 units below the sum recorded in 1984.

Source: Dept. of Commerce, Bureau of the Census









June starts inch up 2%

NATIONAL REPORT — Housing starts rose 2% in June but produced a seasonally adjusted 1.7 million units, 100,000 units below the National Assn. of Home Builders forecasts of 1.8 million starts for 1985.

Gopal Ahluwalia, assistant staff vp/director of research for the NAHB, commented that despite the lower-than-expected annualized number, June's starts are "pretty good" and on target with our forecast for a decline of 100,000 units below last year.

The NAHB is predicting the nation will start 1.8 million housing units in 1985 and is standing by that number.

"Next month we should make the 1.8 million seasonally adjusted number," said Ahluwalia, adding that the difference should be "picked up in the South" primarily because of increased permit activity in Atlanta and Florida.

June's 2% increase in total housing starts carries with it a 1% decline in single family starts. It also was a month that recorded a housing permit decline of 4%, but a single-family permit increase of 2%.

The increases in total housing starts and single-family permits is due to the construction boom in the Northeast, especially in Boston and Connecticut where there is a lot of high-tech-related building, said Ahluwalia.

June housing starts in the Northeast jumped 21% from May and 32% from June 1984. Permits increased at a more modest rate of 5% over May but soared 43% above last June.

The only other increase recorded during this period was in the South where housing starts inched up 1%, but were still 18% below last June's recordings, according to Commerce Department statistics. Permits also declined, by 5% and 16%, respectively, in this region.

Construction and permit activity in the West and Midwest continued their downward trend in June. However, in the Midwest permits increased 14% over its corresponding month in 1984 but declined 4% from May.

The West experienced a 13% drop in permit activity compared with June 1984 but a 1% increase in housing starts.

Build & Grow sells 2 units for buy-out

IRVINE, Calif. — Build & Grow, the southern California home center with a strong lawn and garden orientation, sold one of its two Irvine stores on July 25 to five-unit Crown Hardware, based in Corona Del Mar.

Proceeds from the sale are to be used to buy out former president and co-founder Dick Hallett who left the company six months ago. Hallett was not in complete accord with the future plans of the company and hopes to start a small hardware company based in Fallbrook.

The sale leaves Build & Grow with another store in Irvine and a newly opened unit in Yorba Linda. That unit is the first of a new venture that Build & Grow will now be free to pursue. The company plans to open new stores in "village-style" shopping centers in upper income areas of Orange County.

Dave Thoensen co-founder of Build & Grow will continue as general manager with partner Andy Mahalyo who joined the company two years ago to help finance future expansion. Mahalyo is also president of Interwest Ventures based in Newport Beach, which develops the new "village-style" shopping centers.

Mahalyo thought the Build & Grow format, which has 16,000 sq. ft. of nursery plants outside the store (45% of total sales are in lawn and garden products), ideal for the new centers. In the Village Green center at Yorba Linda, the Build & Grow stands directly alongside a farmers' market.

The Village Green idea works for Build & Grow, but many developers are reluctant to build to that design, because outdoor space yields lower rents. Thus there was a four-and-a-half-year delay before the second Build & Grow store was opened.

The lawn and garden oriented chain sold off two stores to raise money to buy out former president Dick Hallett (above).

Forest City retail sales climb

(Continued from page 9)

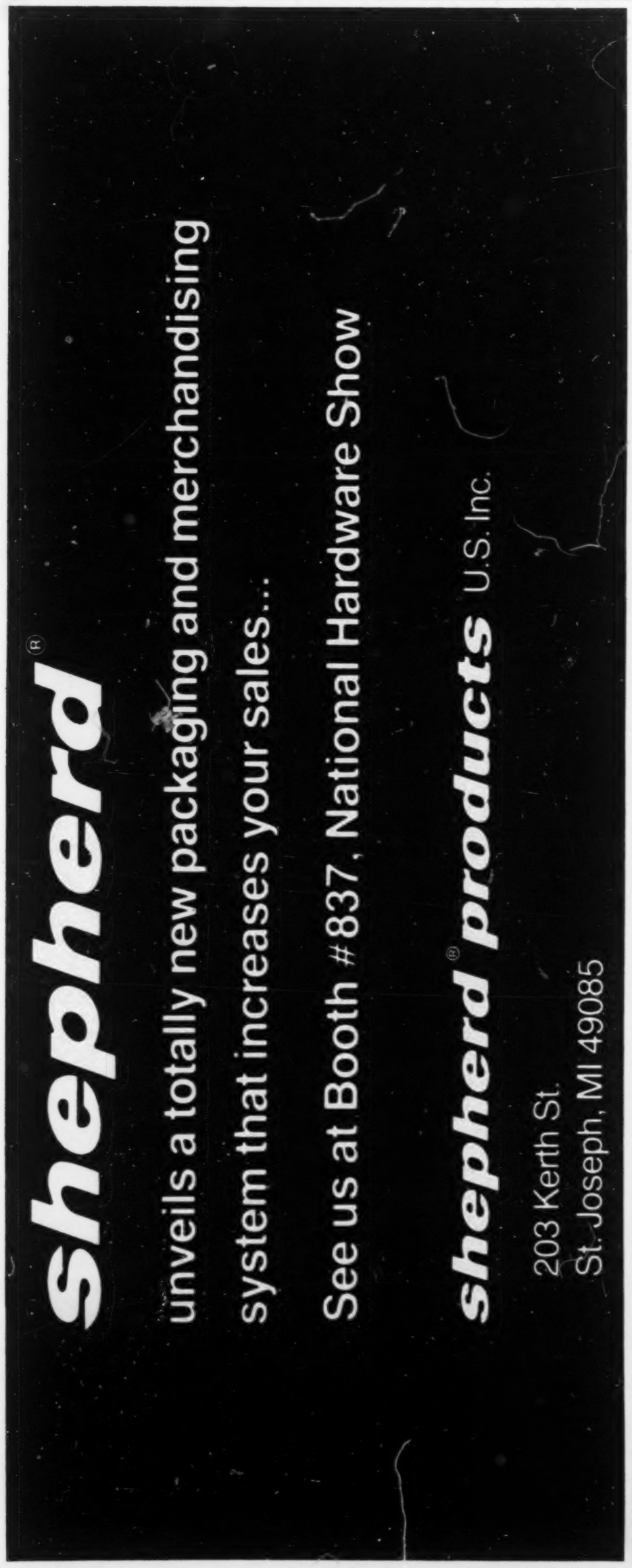
$129,711,000 in 1983. The division had earnings of $598,000, representing an 82% drop from earnings in 1983.

Approximately $686,400 of the reduced earnings was attributed to credit activities now being reported through an unconsolidated subsidiary, although they result from retail activity. If these revenues are added to the retail earnings, the resulting $1,284,400 represents a 62% drop in earnings for 1984

The company noted that the drop in earnings for the retail division was "primarily due to the cost of converting 25% of our retail stores into warehouse outlets, and the cost of expansion and conversions in the Chicago market which resulted in an operating loss for that sector."

The company noted that its retail division was the recipient of an additional $8,535,000 worth of property, plant and equipment in 1984. That figure is significantly higher than the comparable figures of $1,207,000 that was added in 1983, and the $769,000 added in 1982. Depreciation and amortization for the retail division reached a new high in 1984, clocked at $1,600,000 compared to $1,367,000 for the previous year.

On a consolidated basis, Forest City Enterprises spent some $11,177,000 on additional inventory, and on construction in progress, in 1984. This represents a major shift from the previous year, when that category of activity resulted in an addition of $13,155,000 to the corporation's working capital.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Lawn and garden supplement:

Nurseries emerge as profit makers—pp. 29-44

National
Home Center News ®

Vol. 11, No. 18 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. August 26, 1985

Service Merchandise plots Mr. HOW expansion as execs deny sale plans

By John Caulfield
NHCN senior editor

MEMPHIS — Service Merchandise plans to open at least 25 new Mr. HOW Warehouses over the next 16 months that will include expansion into several previously unannounced markets, according to the company's second quarter report to its shareholders.

The 24-unit Mr. HOW will break into new markets with 70,000-plus-sq.-ft. units in Indianapolis, and Springfield, Mo., over this period. As Service Merchandise reported earlier, other new markets for expansion of the warehouse home center chain will include Denver; Lakeland, Pensacola and Fort Myers, Fla; Knoxville and Chattanooga, Tenn.; Rockford, Ill., and Roanoke, Va.

The release of its most recent expansion plans comes at a time when rumors concerning the possibility that Mr. HOW Warehouse is up for sale persist throughout the in-

(Continued on page 74)

NEWSBREAKS

NEW DIY HOME WAREHOUSE. Eclipse Industries said it signed a deal earlier this month for a second store in its DIY chain. The company bought a former Cook's discount store on Northfield Road on the north side of Cleveland. The purchase was part of a larger plan to open at least two more units in that city during the next 12 months, according to Eclipse president Steve Feinstein. An opening date for the second store has not been set.

INSIDE:

- ***Orloff resigns as Evans president—Page 2***
- ***Structural panel sales rise as technology cuts costs —Page 16***
- ***HomeClub eliminates price comparison sheets —Page 21***
- ***Handyman sets plan for new computer system —Page 49***

Ace's Gavin calls for new industry symposium at show

Retailers expect busy second half

***NHCN* staff roundup**

CHICAGO — Ace Hardware president Lawrence Gavin drew rousing applause here Aug. 12 at the 1985 National Hardware Show when he called upon retailers, wholesalers and manufacturers to work together as never before to face the competitive challenges of the expanding home improvement marketplace.

Speaking to an audience of approximately 800 executives,

(Continued on page 74)

Robert W. Brady (left), AHMA president and president of Petersen Manufacturing, joins Ace Hardware president Lawrence Gavin in a view of the National Hardware Show floor, following Gavin's call for a new industry symposium. NHCN photo

Government efforts to regulate saw manufacturers abandoned

WASHINGTON — The Consumer Product Safety Commission dropped its efforts to write mandatory safety regulations for chain saws, on Aug. 7.

The decision came eight years after the commission first began looking into the matter of chain saw safety, and was based on the assessment that the industry's voluntary standards are sufficient.

Up to two dozen representatives from nine saw manufacturers participated in a committee determined to come up with voluntary standards that would obviate the need for governmental regulations.

A commission spokesman said that participating manufacturers accounted for more than 90% of the chain saws sold. And because the remaining manufacturers have indicated they will comply with the voluntary safety standards, the commission moved to accept the industry's standards.

For executives such as Don Marchese, president of Los Angeles-based McCulloch, who has championed chain saw safety, the decision came as welcome news.

A believer that "the less regulations imposed by the government, the better," Marchese noted that the problem with government regulations is that they often set forth a minimum standard that may not be sufficient in terms of consumer safety.

(Continued on page 74)

Outdoor demos power L&G expo attendance mark

By Linda Anderson
NHCN associate editor

LOUISVILLE, Ky. — You can see some bizarre things at trade shows, but perhaps none stranger than two J. C. Penney buyers playing croquet with electric leaf blowers, a jackets-off, no holds barred event that took place at last month's International Lawn, Garden and Power Equipment EXPO here.

Thomas Mannes and John Gapinski, the two buyers, were among the retailers who participated in a number of vendor-devised activities at this second annual show that encouraged dealers to try out their new equipment. Other contests that were part of a "triathalon" included a lawn mower race and a precision-cutting event using string trimmers.

This festive mood in the booths contributed to the show's overall success. Attendance increased 25% to 15,000 this year, and hit last year's 12,000 mark in the first day.

And, although the show was

(Continued on page 73)

Chains vie for foothold in Virginia Beach

By Phillip M. Perry
NHCN Senior Editor

VIRGINIA BEACH, Va. — When Carl Gotts needed to buy a junction box to install a new dryer in his laundry room last month, he drove four miles to Home Quarters Warehouse, a home center that opened here earlier this year.

Gotts said he chose HQ because it was the nearest home center to his house, noting that the purchase involved only a little money.

"This fall we plan to spend about $200 to panel the den," added Gotts. "A couple of weeks before we do the work, we'll start scanning the Sunday ads. With that kind of investment, it might be worth my while to go the extra miles to another home center."

For Gotts, a lifetime resident of Virginia Beach who commutes daily to nearby Norfolk, Va., in his job as production supervisor at Travelers Insurance, shopping for home improvement

(Continued on page 73)

Virginia Beach: Site of home center row . . .

. . . and battleground for eight chains

	stores 1984	sq. ft.	stores 1985	sq. ft.
Moore's warehouse stores	0	0	1	77,000
Moore's home centers	4	52,000	3	39,000
Plaza True Value	4	82,000	5	102,000
Kempsville Building Materials	1	5,000	1	10,000
Hechinger	2	120,000	2	120,000
Lowe's	2	26,000	2	26,000
84 Lumber	3	9,000	3	9,000
Home Quarters Warehouse	0	0	2	154,000
Mr. HOW Warehouse	0	0	1	80,000
Total	16	294,000	20	617,000

Source: Individual Companies NHCN chart

NHCNews Briefs

Industry Update

Wickes' AMEX list largest ever

NEW YORK — The largest original listing in the history of the American Stock Exchange occurred July 30, when Wickes Cos., Santa Monica, Calif., began trading 171,902,927 common shares there. Of the total listed, 95,902,927 were outstanding and 76,000,000 were newly issued shares. The common stock opened on 100 shares at $4^{3}/_{16}$.

Previously, the largest number of shares originally authorized for listing on the AMEX was 120,770,448 of Texaco Canada.

Wickes, which recently entered into an agreement in principle to acquire the consumer and industrial products group of Gulf + Western for approximately $1 billion (*NHCN*, July 1) also listed a variety of other preferred stock, purchase warrants, notes and debentures on the AMEX.

Scotty's expands stores

WINTER HAVEN, Fla. — Scotty's plans to have 12 Scotty's Hardware Stores in operation by June 1986—indicating the new smaller store concept unveiled last year has apparently passed the testing phase. New Scotty's Hardware Stores are in the process of renovation and installation in St. Petersburg, Fort Myers, Naples, Belle Glade and Winter Park, Fla.

In addition, new 40,000-plus-sq.-ft. "store of the future" format Scotty's are under construction in Boynton Beach, Tarpon Springs, Okeechobee and Homestead, Fla. Retrofits of existing Scotty's stores are under construction in East Lakeland, Margate, North Lakeland and Orlando Beach, and a replacement Scotty's store is being built in Lake City, Fla., according to Ray H. Cooney, vice chairman.

Hines stockholders vote on sale

CHICAGO — Edward Hines Lumber Co. stockholders will meet on or before Oct. 16 to vote on a plan of liquidation and to approve the sale of its 26 Chicago-area stores to company president Edward Hines and his family, according to the company.

The board of directors of the Chicago-based firm voted on July 28 to liquidate and dissolve the lumber company founded in 1892.

The fate of the eight-unit Kindt Corp., which the Hines company purchased in April 1984, has not yet been decided.

Board chairman Howell H. Howard said he wants to sell those stores for "more than $10 million."

The board, not the stockholders, will determine if the company will sell or liquidate Kindt.

General Host to liquidate Scott's

STAMFORD, Conn. — The merger of Scott's Home Centers and General Host became effective Aug. 2. General Host, a $563 million food processor and specialty retailer based in Stamford, Conn., said it had acquired 1,641,985, or 91.1% of the outstanding shares of Scott's, a chain of 17 home centers based in Linthicum, Md. General Host paid $3 for each share acquired.

"We plan to centrally liquidate the stores, through devices such as sales and clearances," said Adam I. Friedman, a spokesman for General Host. About a third of the Scott's chain should be closed, and reopened as Frank's Nursery and Crafts Stores, by Christmas, he added. The remainder of the units should be converted to Frank's stores over the following six months. Earl Halterman, Scott's president, has contracted to stay on with the merged firm for the next three years. (*NHCN*, July 1.)

K mart opens 'Home Care' units

LOS ANGELES — A total of 10 K mart stores in the Greater Los Angeles Area now have "Home Care Centers," a full-line home center department within the discount store itself.

The store count was increased by three following the "grand opening" promotion July 31 to Aug. 10 featuring the newest locations in Bellflower, Glendale and North Hollywood. The other home care centers are part of K mart units in Corona, Fullerton, Ontario, Redlands, Riverside, Temple City and Torrance.

The openings were promoted with an eight-page newspaper insert that featured redwood lumber, ceiling fans, house fans and exterior waferboard panels on its cover.

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Vol. 11, No. 18 August 26, 1985

Orloff resigns as Evans' pres 'by mutual consent' agreement

By John Caulfield
NHCN senior editor

MIAMI — Monford Orloff, an executive with Evans Products Co. since 1961, has resigned from that company effective July 24.

The 71-year-old Orloff is responsible for turning Evans from a struggling forest products concern into a retailing force, with a collection of home center chains whose sales rank fourth in the home improvement industry.

However, saddled with several unproductive businesses and a series of financial setbacks that caused the company's debt to balloon out of control, Orloff also presided over Evans' descent into Chapter 11 this March with more than $750 million in total debt.

Orloff left his positions as president and chief operating officer at Evans and DWG Corp. "by mutual consent" with financier Victor Posner, who controls both firms.

It was Posner, the owner of 43% of Evans' stock, who replaced Orloff as chairman in April 1983, a position Orloff had held since 1964. It was initially thought that Orloff would be intimately involved in Evans' operations after this transition, which saw several Evans executives and board members either depart or be forced out by Posner, and replaced with members of Posner's family or corporate entourage.

However, it appears Orloff had very little responsibility at Evans after the change, despite an annual salary of $976,685, to which he would have been entitled through 1988. With his resignation, Orloff will now receive $400,000 from DWG over four years beginning in 1987, and will serve as a part-time consultant for Evans through 1987,the salary for which was not disclosed.

Orloff's resignation and salary level were revealed in a recent DWG filing with the Securities and Exchange Commission.

Orloff told *The Wall Street Journal* that he left Evans to return home to Portland, Ore., where Evans had been based before Posner took over as chairman. Orloff did not return phone messages made to his Portland office by *NHCN*.

Joining Evans as a vice president when his employer, Aberdeen Plywood and Veneers Inc., was acquired by the corporation in 1961, Orloff rose quickly through the corporate ranks.

He was named president and ceo in 1962, a position held through 1964, and for the periods 1968-71 and 1974-83. Evans' board of directors appointed Orloff chairman in 1964.

Under Orloff's tenure, the company began acquiring a number of home improvement companies. In an interview with *NHCN* in 1981, Orloff noted that Evans considered buying a number of home center chains—including Lowe's and Wickes—in 1964 but eventually wound up buying the Moore's chain, then Grossman's in 1969. It made its last big acquisition when it bought Lindsley in Miami in 1979.

In that same interview, Orloff projected Evans' Retail Group to grow at a rate of "25 to 30 stores a year, expanding the size of our operation to 450 stores by the end of 1985." In an interview given to *NHCN* a year later, Orloff said Evans Retail would operate between 500 to 550 stores by 1988.

Currently, the company has around 340 units.

Evans' downfall under Orloff can be traced back to 1982, when the company negotiated term loans from banks totaling $407.5 million due in three installments, with the final $307.5 million payment due on Jan. 15, 1985.

While the Retail Group was thriving during this period, Evans' other businesses, including its home building, forest fiber and transportation systems divisions, were not generating sufficient capital for the company to pay back loans of this magnitude.

So, in the fall of 1982, Orloff placed the whole Retail Group, all 341 stores, on the block, with the hopes that money from their sale would help reduce Evans' debt "and enable management to devote greater attention and resources to the full-service leasing of transportation equipment."

Monford Orloff

However, Evans' asking price for the stores, estimated to be in excess of $300 million, was too steep for any one buyer. By the time Posner came in to run the company, it had pretty much been decided that the Retail Group—which accounts for around 85% of Evans Products' total volume—would have to be sold off in sections.

The company was divided into three entities—Grossman's Inc., including the Grossman's, Alamo and Hubbard & Johnson chains; Lindsley; and Steel City—to be offered for sale through Evans' investment firm, Salomon Brothers.

Over the past two years, Posner has been selling off parts of Evans Products to raise capital to keep his bank lenders at bay. However, the company defaulted on its loan payment last January and was not paying vendors for merchandise for its home centers.

With no apparent buyers for the Retail Group in sight, Posner took Evans Products and seven of its subsidiaries, including the retail operations, into Chapter 11.

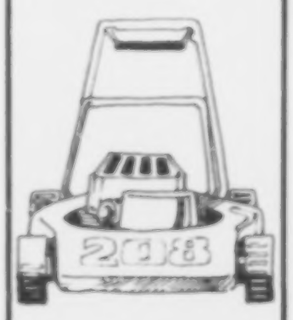
While Orloff's signature is on each of the voluntary petitions for bankruptcy, he did not appear to be involved in either the decision to take such an action, or in subsequent negotiations with creditors during the ongoing reorganization negotiations.

Highlights in this issue

ADVERTISING & MARKETING

- *Chase-Pitkin cuts prices in effort to secure Rochester market position* —**Page 21**
- *Homeclub cuts price comparison sheets after threat of legal action* —**Page 21**
- *National's Shorty and Cheap Chicken cross the road to new ad agency* —**Page 21**
- *Diamond staff horses around in race promo* —**Page 25**
- *July promo offers house full of prizes* —**Page 26**

MERCHANDISING SUPPLEMENT



- *Nurseries emerge as sizable profitmakers but require promotions and labor intensive care* —**Page 30**
- *Pool supplies make a splash in lawn and garden departments* —**Page 32**
- *Strong sales spur dealers to fill in mower lines* —**Page 34**
- *Consumer preference points to gas grills, while resurgent interest fans charcoal sales* —**Page 36**
- *Imports begin to penetrate lawn and garden tool market, as better quality attracts home center buyers* —**Page 38**
- *Retailers find identifying import buyers an easy task* —**Page 40**
- *Quality and patriotism at issue as some dealers shun tool imports* —**Page 40**
- *Retailers stack up profits on PVC patio furniture* —**Page 42**

INDEX

Classified	69-72
Editorial	8
Financial News	5
Home Center Trivia	12
Housing Watch	10
Lumber Report	16
New Products	60
People	12
Washington View	8

SYSTEMS & OPERATIONS

- *Handyman plan set for new computer system* —**Page 49**
  —Two-year effort leads to firm control over product movement
- *Computer system streamlines purchasing tasks* —**Page 50**
  —Archaic management and inventory functions fall by the wayside
- *Film course targets retail selling skills* —**Page 52**

FINANCIAL NEWS

9 Gainers

5 Unchanged

42 Losers

For the second straight reporting period, stock price-percentage losers outnumbered gainers, 42 to 9, for the two-week period ended Aug. 9. Five home center stocks were unchanged.

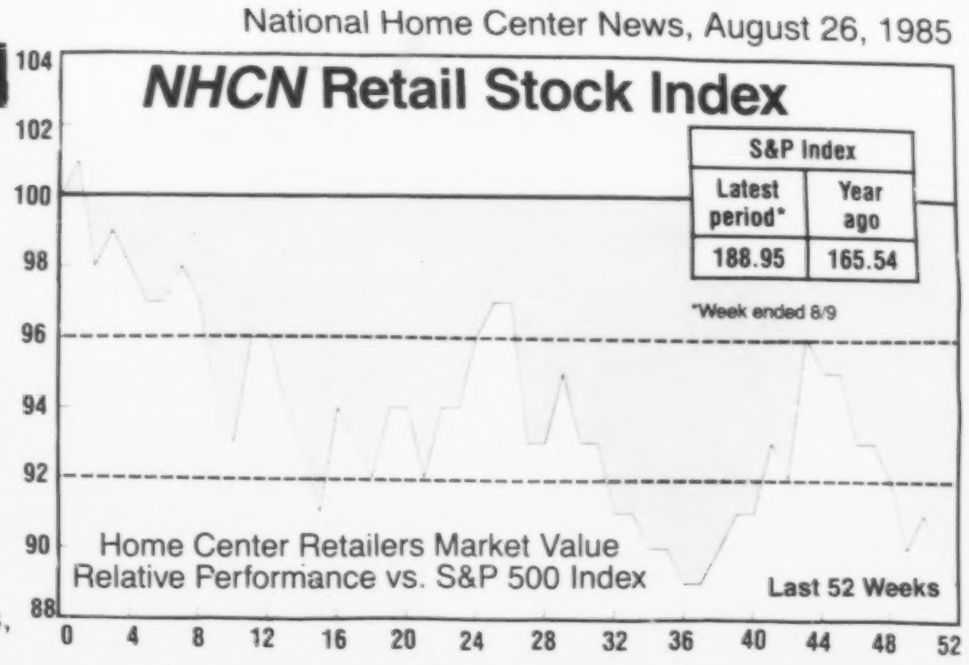
The *NHCN* Retail Stock Index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks. The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues by a constant which adjusts the index to show its relation to performance of the S&P 500 Index over the past 52 weeks.

Leading the retail losers was Homecrafters Warehouse, which fell 20% to $5 on trading of 1.2 million shares. Hechinger B fell 13.1% to $18.25 on trading of 1.2 million shares.

On the positive side, National Lumber advanced 20.8% to $7.25 on trading of two million shares. Erb Lumber moved up 11.4% to $24.50.

Clopay leads manufacturers with a 41.9% increase to $16.50 in the two-week period. Manville, in the wake of announcing plans to establish a trust fund for asbestos victims, moved up 4.2% to $6.25 (see story page 3).

The Newell Co. leads manufacturer losers with a drop of 11.1% to $16 on 731,000 shares traded.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Manville Cp N	47,705	698.4	4.2
Natl Lumber M	2,088	358.0	20.8
Clopay Corp A	699	349.0	41.9
Erb Lumber M	64	300.0	11.4
Forest City Ent A	102	257.1	2.1

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Home Depot N	24,132	252.7	- 7.4
Mor-Flo Inds M	516	242.4	- 1.3
Mich General A	5,451	206.4	- 7.1
Edison Bros N	3,166	176.1	- .4
Grace W R N	13,079	170.0	2.9

TOP GAINERS

Company & Market	2-Weeks Ended 8-09-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Clopay Corp A	16.50	41.9	699
Natl Lumber M	7.25	20.8	2,088
Erb Lumber M	24.50	11.4	64
Manville Cp N	6.25	4.2	47,705
Grace W R N	43.63	2.9	13,079

TOP LOSERS

Company & Market	2-Weeks Ended 8-09-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Homecrafters Whse M	5.00	- 20.0	1,276
Hechinger B M	18.25	- 13.1	1,205
Newell Co N	16.00	- 11.1	731
Lowe's Cos N	23.63	- 8.7	8,113
Pope & Talbot N	18.00	- 8.3	313

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 8-09-85 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	Volume: 2-Weeks Shares Traded: % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Div. Rate: Amt. $	Indicated Div. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue: Amt. $Mil	Latest Quarter: Revenue: Chg. %	Latest Quarter: Net Income: Amt. $Mil	Latest Quarter: Net Income: Chg. %	Latest Quarter: E.P.S.: Amt. $	Latest Quarter: E.P.S.: Chg. %	Year-to-Date: Revenue: Amt. $Mil	Year-to-Date: Revenue: Chg. %	Year-to-Date: Net Income: Amt. $Mil	Year-to-Date: Net Income: Chg. %	Year-to-Date: E.P.S.: Amt. $	Year-to-Date: E.P.S.: Chg. %
Retailers																													
Boise Cascade N	46.50	- 2.00	- 4.1	48.50	44.75	51.00	36.25	12,321	4.51	2.36	91.1	20.1	1.90	4.1	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	18.25	.00	.0	18.63	18.13	20.00	14.88	5,355	5.80	2.98	94.6	12.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	32.00	- .13	- .4	32.38	31.00	38.25	31.00	3,166	3.12	1.13	176.1	12.2	1.60	5.0	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber M	24.50	2.50	11.4	24.50	20.75	24.50	18.00	64	.72	.18	300.0	7.4	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.88	.00	.0	2.00	1.75	6.00	1.75	639	.46	.28	64.3	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	24.25	.50	2.1	24.88	23.50	24.88	15.50	102	.25	.07	257.1	33.7	.15	.6	.....	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R N	43.63	1.25	2.9	45.00	42.25	45.00	38.50	13,079	2.70	1.00	170.0	12.6	2.80	6.4	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	17.38	- 1.38	- 7.3	18.75	17.25	23.19	14.00	1,763	2.02	2.45	- 17.6	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	18.25	- 2.75	- 13.1	21.50	18.00	24.19	14.19	1,205	.53	.32	65.6	19.4	.08	.4	.....	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber O	40.75	.38	.9	41.75	40.38	43.75	35.50	11	.06	.17	- 64.7	30.4	1.00	2.5	.....	3 mos.	03-85	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse M	5.00	- 1.25	- 20.0	6.75	4.75	16.25	5.00	1,276	4.52	2.60	73.8	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot N	12.50	- 1.00	- 7.4	13.50	12.38	24.88	12.00	24,132	9.63	2.73	252.7	25.0	.00	.0	.....	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc N	65.75	- .75	- 1.1	67.25	65.38	70.50	55.75	1,482	1.05	1.19	- 11.8	16.5	3.08	4.7	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	34.25	- 1.00	- 2.8	35.50	34.13	41.50	32.13	26,518	2.12	1.40	51.4	8.9	1.40	4.1	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	23.63	- 2.25	- 8.7	26.00	23.63	31.13	19.25	8,113	2.24	1.16	93.1	14.1	.36	1.5	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	4.88	- .38	- 7.1	6.13	4.88	8.50	4.50	5,451	4.81	1.57	206.4	23.2	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	7.25	1.25	20.8	7.25	6.00	7.50	4.50	2,088	3.71	.81	358.0	34.5	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	13.88	- .25	- 1.8	14.25	13.63	16.88	11.50	2,436	2.44	1.21	101.7	14.2	.64	4.6	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	18.00	- .50	- 2.7	18.75	17.75	23.38	14.00	12,739	3.68	1.72	114.0	15.9	.16	.9	.....	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	13.50	- .13	- .9	14.13	13.50	16.38	12.50	1,772	1.34	.52	157.7	10.2	.52	3.9	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	35.25	- 1.38	- 3.8	36.38	35.13	39.13	29.75	34,052	.94	.83	13.3	9.4	1.76	5.0	NEW	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Prt N	22.88	- .13	- .5	23.25	21.88	23.88	17.75	3,650	3.27	1.39	135.3	12.2	.56	2.4	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	45.13	- .63	- 1.4	46.25	43.00	48.38	26.50	2,833	1.59	1.29	23.3	13.4	.48	1.1	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wickes Lumber M	6.63	- .25	- 3.6	6.75	6.50	7.25	4.25	617	1.05	.96	9.4	13.0	.16	2.4	NEW	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer M	8.00	- .13	- 1.5	8.25	7.88	9.75	7.13	449	1.20	.56	114.3	38.1	.28b	3.5	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	23.13	- .75	- 3.1	24.00	22.88	28.75	20.25	1,062	1.01	.92	9.8	NE	1.40	6.1	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	30.00	- 1.75	- 5.5	32.25	29.63	35.38	26.75	4,260	1.09	.84	29.8	10.0	1.60	5.3	NEW	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld N	35.25	- 1.50	- 4.1	37.25	35.00	39.75	26.75	4,467	1.87	1.36	37.5	9.2	1.30	3.7	NEW	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker N	19.13	.25	1.3	19.63	18.63	26.88	18.38	15,909	3.15	2.29	38.0	15.9	.64	3.3	NEW	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed N	25.75	- .25	- 1.0	27.38	25.50	28.50	15.75	1,029	.54	.60	- 10.0	12.1	.70	2.7	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	23.75	- .88	- 3.6	24.88	23.63	26.75	18.38	22,403	2.41	1.45	66.2	NE	.40	1.7	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	16.50	4.88	41.9	16.50	11.50	22.19	10.91	699	4.58	1.02	349.0	14.9	.16	1.0	NEW	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc N	33.63	- .25	- .7	34.13	33.63	37.88	29.63	213	.45	.91	- 50.5	10.3	1.40	4.2	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	29.63	- 1.25	- 4.0	31.25	29.25	33.13	26.25	2,323	.84	.82	2.4	10.0	1.40b	4.7	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific N	23.38	- 1.50	- 6.0	25.50	23.13	27.38	20.00	30,666	2.58	1.18	152.5	22.5	.80	3.4	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	18.63	.00	.0	19.38	18.38	26.72	15.34	1,698	.88	.83	6.0	10.3	1.00b	5.4	.....	5 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	20.25	- .50	- 2.4	21.25	19.88	24.75	17.25	4,089	1.15	.71	62.0	19.7	.80b	4.0	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMin Bidel N	15.38	- .50	- 3.1	16.13	15.38	21.81	15.00	187	.06	.10	- 40.0	28.5	.00a	.0	NEW	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp N	6.25	.25	4.2	8.00	5.63	8.63	5.13	47,705	19.88	2.49	698.4	2.8	.00	.0	NEW	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp N	34.75	- .75	- 2.1	35.75	33.25	36.00	24.00	10,211	1.76	.88	100.0	24.8	.56	1.6	NEW	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds M	18.63	- .25	- 1.3	19.00	18.25	20.25	12.75	516	2.02	.59	242.4	7.1	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	47.63	.25	.5	49.38	47.13	49.38	34.00	3,881	2.49	1.66	50.0	6.5	2.00	4.2	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	16.00	- 2.00	- 11.1	17.75	15.88	19.00	13.25	731	.85	.42	102.4	9.4	.50	3.1	NEW	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning N	34.75	- 1.00	- 2.8	35.88	34.13	37.00	28.88	6,365	2.15	1.00	115.0	8.8	1.40	4.0	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	15.25	- .63	- 3.9	16.13	14.75	16.50	12.44	714	1.98	1.15	72.2	12.8	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	18.00	- 1.63	- 8.3	19.88	18.00	21.50	15.25	313	.52	.25	108.0	NE	.80	4.4	NEW	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp N	32.75	- 1.13	- 3.3	34.13	32.25	38.13	28.00	1,439	.94	.35	168.6	13.1	1.56	4.8	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	39.25	.00	.0	39.63	37.88	40.00	25.50	2,376	1.04	.74	40.5	13.0	.92	2.3	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	13.13	.00	.0	13.50	12.75	18.75	11.75	3,801	4.09	2.29	78.6	NE	.00	.0	NEW	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works N	30.13	- .25	- .8	30.38	28.50	31.38	23.75	3,482	1.25	.74	68.9	11.2	.96	3.2	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	17.50	- .88	- 4.8	18.50	17.38	19.13	13.75	970	1.14	.63	81.0	9.7	.68b	3.9	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	28.25	- .50	- 1.7	28.50	27.50	31.25	22.63	252	.61	1.54	- 60.4	8.3	1.00	3.5	NEW	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp N	38.38	- 2.25	- 5.5	40.50	37.00	44.50	26.38	4,338	1.31	1.19	11.0	6.6	1.68	4.4	NEW	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim N	35.00	- .75	- 2.1	36.00	34.88	39.25	25.13	5,908	2.81	1.86	51.1	7.1	1.40	4.0	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	12.50	- .50	- 3.8	13.00	12.38	16.88	5.50	693	2.29	2.85	- 19.6	15.8	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	28.00	- 1.25	- 4.3	29.38	28.00	34.00	25.88	20,825	1.60	.69	131.9	23.1	1.30	4.6	NEW	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

Feds tighten lending rules, but affordability up

NATIONAL REPORT — The recent announcement by the Federal National Mortgage Assn. (Fannie Mae) that it is tightening its mortgage lending rules could dramatically affect housing affordability for the first-time buyer, according to the National Assn. of Realtors and the National Assn. of Home Builders.

Affordability for other buying groups, however, has been on the rise. The NAR announced that its housing affordability index in June rose to 91.1 from May's 90.1, the highest level since November 1979 when the index was 92.1.

The NAR's index is based on homebuyers making downpayments of 20%.

Fannie Mae's Aug. 5 ruling, which becomes effective Oct. 15, will require buyers making downpayments of less than 10%—usually the first-time buyer—to spend three percentage points less of their monthly income on housing costs than they now spend.

They would be restricted to spending no more than 25% of their monthly income on mortgage principal and interest, property taxes and insurance, and a maximum of 33% on all debt, home and other, like car payments, compared to the now 28% and 36%, respectively.

Most home owners qualify for mortgages under the latter two figures.

Commented Jay Shackford, vp-public affairs at the NAHB: "It [the ruling] definitely will hurt the first-time buyer" who already has trouble raising the large sum of money needed for a downpayment and closing costs.

Officials for both the NAR and the NAHB agree the impact will not be felt until 1986 and that they are studying the issue.

First-time homebuyers who put down less than 10% on the purchase price represent "a big chunk of the market," asserted Shackford. "It's hard to tell how they will be affected. You might see more of them go to FHA and VA [Farmers Home Administration and Veterans Administration]" because of the smaller downpayments required under those programs.

Shackford said between 10% and 12% of new home buyers make downpayments of less than 10%.

Marjorie Leedy, spokesman for the NAR, said her organization's quarterly mortgage survey dated March 1985 revealed that 30% of today's resale homebuyers make downpayments of less than 10%. This number includes FHA and VA loans.

Fannie Mae chairman David Maxwell explained the move was taken to cut its raising foreclosure rate, but some question whether this action will completely solve the problem or cause some harm.

Jack Carlson, executive officer and chief economist for the NAR, said, "Fannie Mae said it wants to use a 'scalpel rather than a sledge hammer' to solve the mortgage foreclosure problem. But with these new guidelines it has succeeded only in adopting a piecemeal approach that will discriminate against certain property owners."

Under the new plan, a homebuyer would need an income of $41,232 to qualify for a 12.2% fixed-rate mortgage on a $76,500 house—the median-priced home in June—if he made a downpayment of 5%. But under the old plan, that same homebuyer would need only an annual income of $36,814 or $4,418 less to afford the same house.

While both the NAR and the NAHB evaluate what impact Fannie Mae's ruling will have the total home starts and resale activity in 1986, spokesmen for these groups are confident the action will pose little or no threat to activity this year since it will be activated so late in 1985, and probably won't be a major threat to market stability next year.

Already the NAHB is planning to meet with Fannie Mae officials to learn what the impact could be on new home starts and NAR economists are already working to calculate what the impact will be on their market.

Until the studies and meetings are complete, both organizations are standing by their earlier predictions for market activity through next year.

The NAR is predicting 3.05 million resales will be charted by year's end and has forecasted that 1986 should yield 3.1 million units.

The NAHB is projecting 1985 will produce 1.85 million new starts and 1986 will yield slightly less than that, 1.8 million units.

Despite what could be hard times for first-time homebuyers, the rest of the housing market is finding that housing is becoming more attainable, especially now that interest rates for conventional fixed-rate mortgages is dropping.

According to the Federal Home Loan Bank Board, the week ended Aug. 5 produced an effective rate of 11.38% on conventional fixed-rate mortgages for loans closed, down from 11.76% recorded in June and the 12.11% in May.

This activity is in keeping with the NAR's earlier predictions that rates would decline through the end of next year and housing affordability would improve, its index rising to near 100.

If the index reaches 100 that will mean that the family earning the median income will be able to afford the median-priced home.

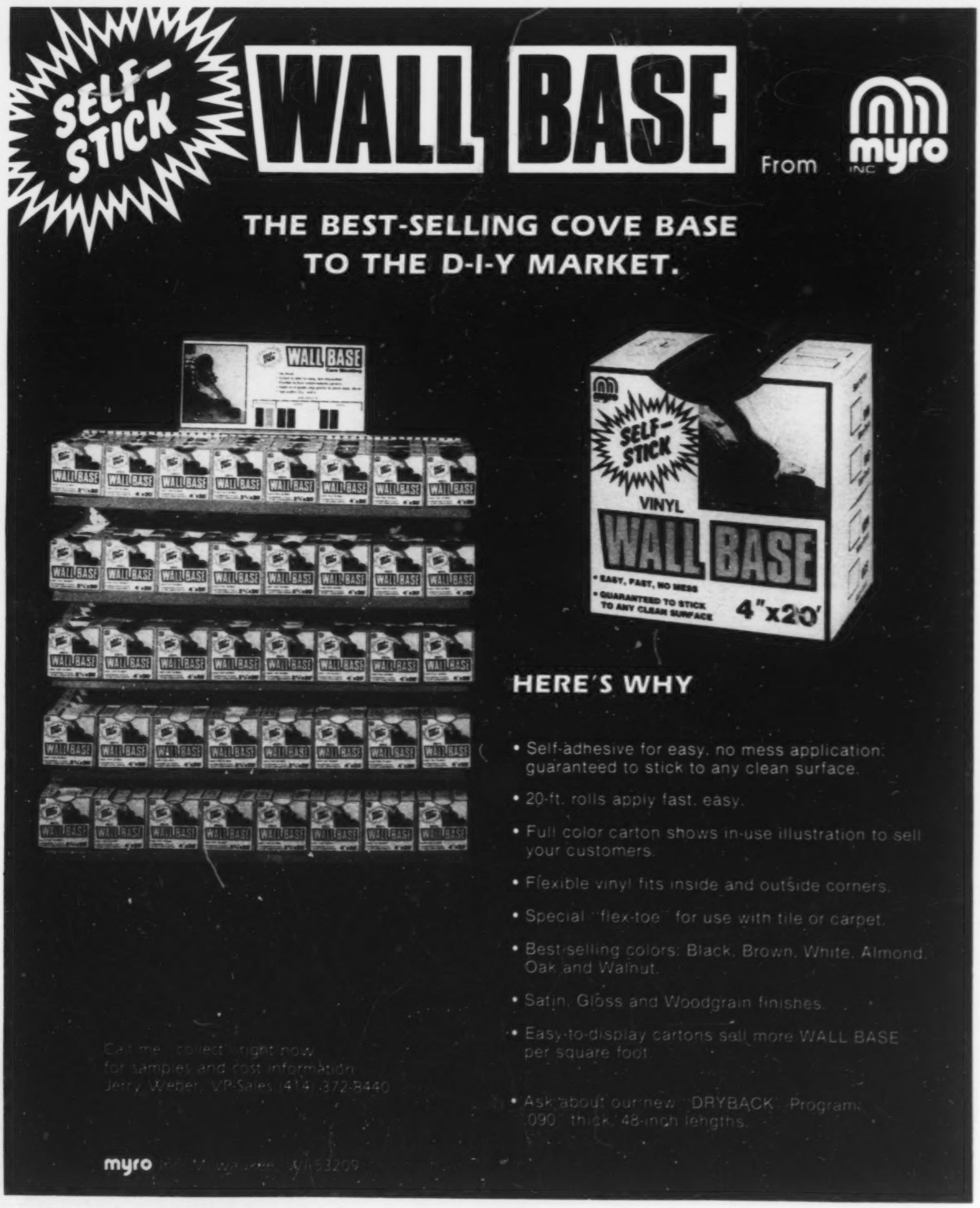
Currently, home buyers have just 91.1% of the income needed to qualify for an 80% mortgage on the median-priced home. The family earning the median income in June, $27,025, was short $2,650 of the $29,675 annual income needed to qualify for a mortgage loan on a $76,500 house.

Housing Affordability

	Index	Rate	Median income	Median house price
June 1985	91.1	11.76	$27,025	$76,500
May 1985	90.3	12.11	26,904	74,900
Dec. 1978	100.0	10.00	17,640	50,900
Feb. 1972	153.1	7.48	10,424	25,400

Source: National Assn. of Realtors

Housing affordability, a function of mortgage rates, annual income and home price continued to improve in June rising to 91.1, a six-year record, according to the National Assn. of Realtors. The index has been on an upward curve all year and is expected to approach 100 by the end of next year, a high not recorded since December 1978.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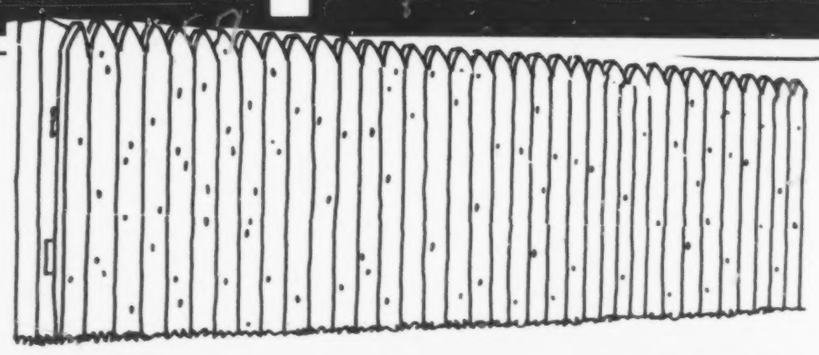

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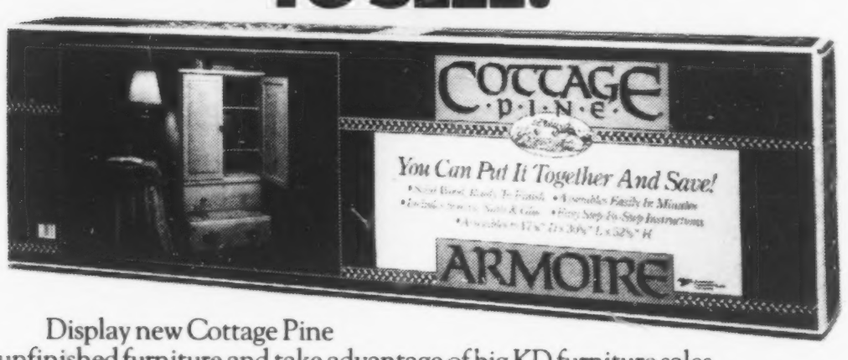

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LUMBER REPORT

Structural wood panel sales rise; technology cuts production cost

NATIONAL REPORT — Some home centers are experiencing an upswing in the sale of composite structural wood panels to do-it-yourselfers and contractors, but for other retailers, the composite boards have not yet caught on.

Busy Beaver in Pittsburgh, for example, is one home center that report strong DIY demand for the nonveneer composite panels and cites the lower cost for the product in comparison to regular plywood as the key selling point.

At Inner Harbor Lumber and Hardware in Baltimore, however, the nonveneer boards are being shunned by the DIY shopper and appear to be more attractive to contractors.

Inner Harbor's experience is similar to Lowe's, which reports 70% of its sales in composite boards are being made to the professional contractor.

The three firms experiences with the composite structural panels—waferboard and oriented strand board (OSB)—are just a small part of what many believe is a growing evolution in the use of structural panels, an evolution that is changing the way America builds and altering the way DIYers think about plywood.

While there is a third composite board called particleboard, most home centers do not offer the product as it is marketed more for industrial uses and is more popular in kitchen cabinet construction, and is widely used in the wooden frames of televisions, stereos and radios.

Nevertheless, lumber buyers at home centers, industry observers and paneling manufacturers report that while traditional plywood continues to hold the lion's share of the structural paneling market, waferboard and OSB are increasingly cropping up on jobs which were once the domain of plywood.

Both waferboard and OSB are manufactured with new technologies at production costs below that for plywoods and, as a result, the products are sold for less at retail, generally between 50¢ and $1.25 less than a plywood panel.

While waferboard has been around since the mid-50's and is generally thought of as a Canadian invention, the composite structural panel market began to surge during the late 70's when producers—strapped by the high cost of timber—learned to use underutilized "weed trees," like aspen, to make nonveneer composite panels.

"For manufacturers, these composite boards offer a lot of cost savings because of the high degree of automation that is involved," said Dave Pease, editor of Forest Industries magazine in San Francisco. "They are not pressed by the step-by-step machine center operations of making plywoods."

Additionally, waferboard mills, because of the technology used, also employ a third less of the manpower required in a plywood mill, industry sources said.

According to the American Plywood Association, the production of nonveneer composite boards will soar with increasing demand throughout this decade and into the 1990's. The APA forecasts annual incremental increases in the production of composite boards from 1980's 196 million sq. ft. to 4.4 billion sq. ft. by 1990.

Bill Rooney, marketing and sales manager of Louisiana Pacific in Portland, said the company projects sharp demand for waferboard materials in the future. To meet the challenge, he said the company has become "the largest manufacturer of waferboard in the country," which produced more than a billion sq. ft. in 1984. At the same time, he said the company is gearing up to operate 10 waferboard plants within the next

(Continued on page 66)

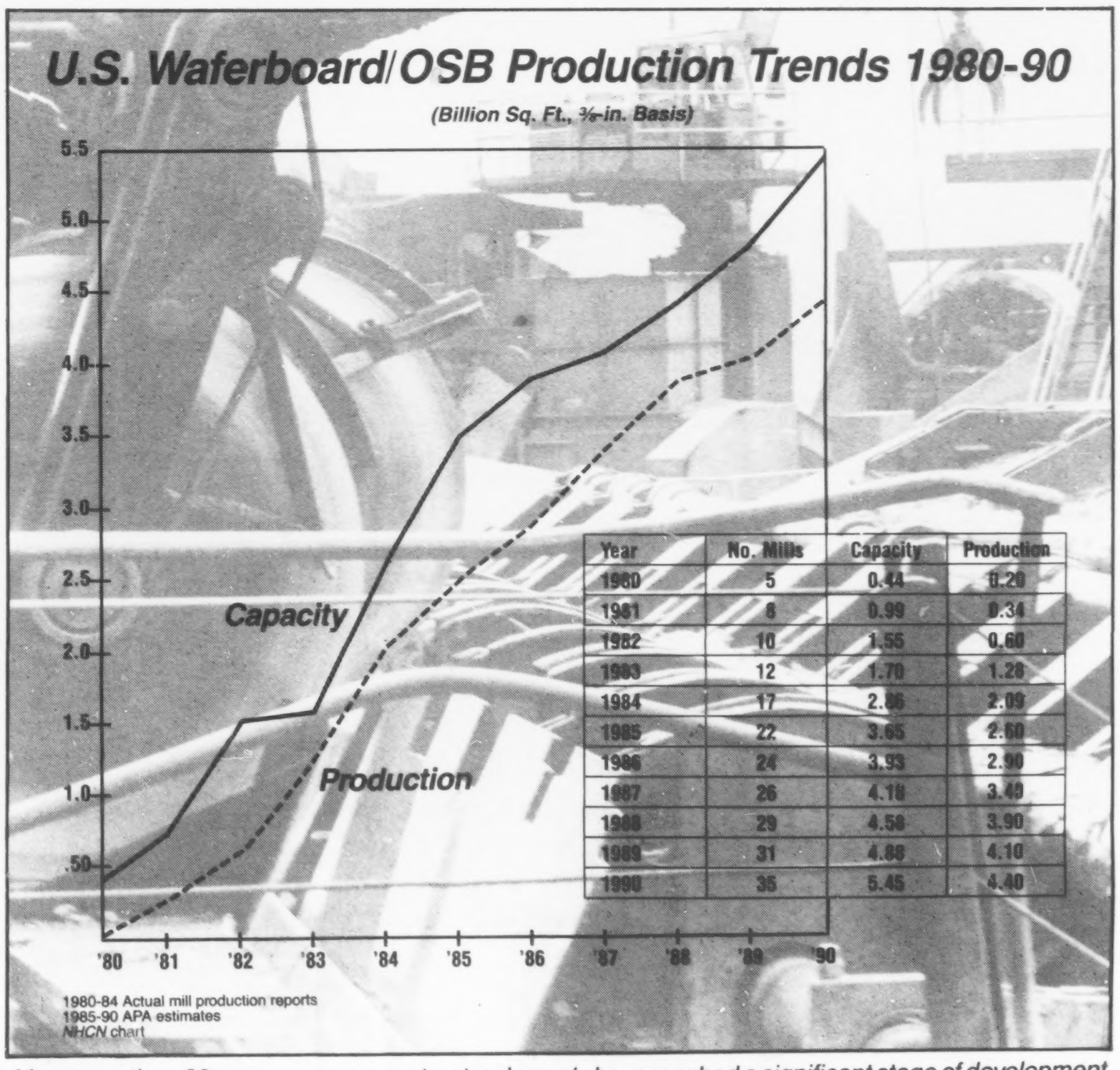
FUTURES

Two weeks ended Aug. 1, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '85	139.80	133.50	138.00	139.00	4,129	197.50	133.50
Nov.	140.80	134.50	139.10	140.50	2,519	186.10	134.50
Jan. '86	147.00	142.00	146.00	147.50	947	187.30	142.00
March	153.80	149.30	152.50	154.30	782	195.00	149.00
May	158.70	154.50	157.50	159.60	337	176.40	153.00
July	163.00	160.00	161.70	164.00	80	183.40	160.00
Sept.	168.80	164.90	165.40	Nominal	20	1,800.00	164.90

Total Vol. (Through 8/1): 14,478 — **Previous Two Weeks: 17,553**
Total Open Interest (As of 8/1): 8,814 — **Previous Week: 8,446**
Cash Price: $150.92 — **Previous Week: $155.82** — **Year Ago: $136.22**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Aug. 1.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

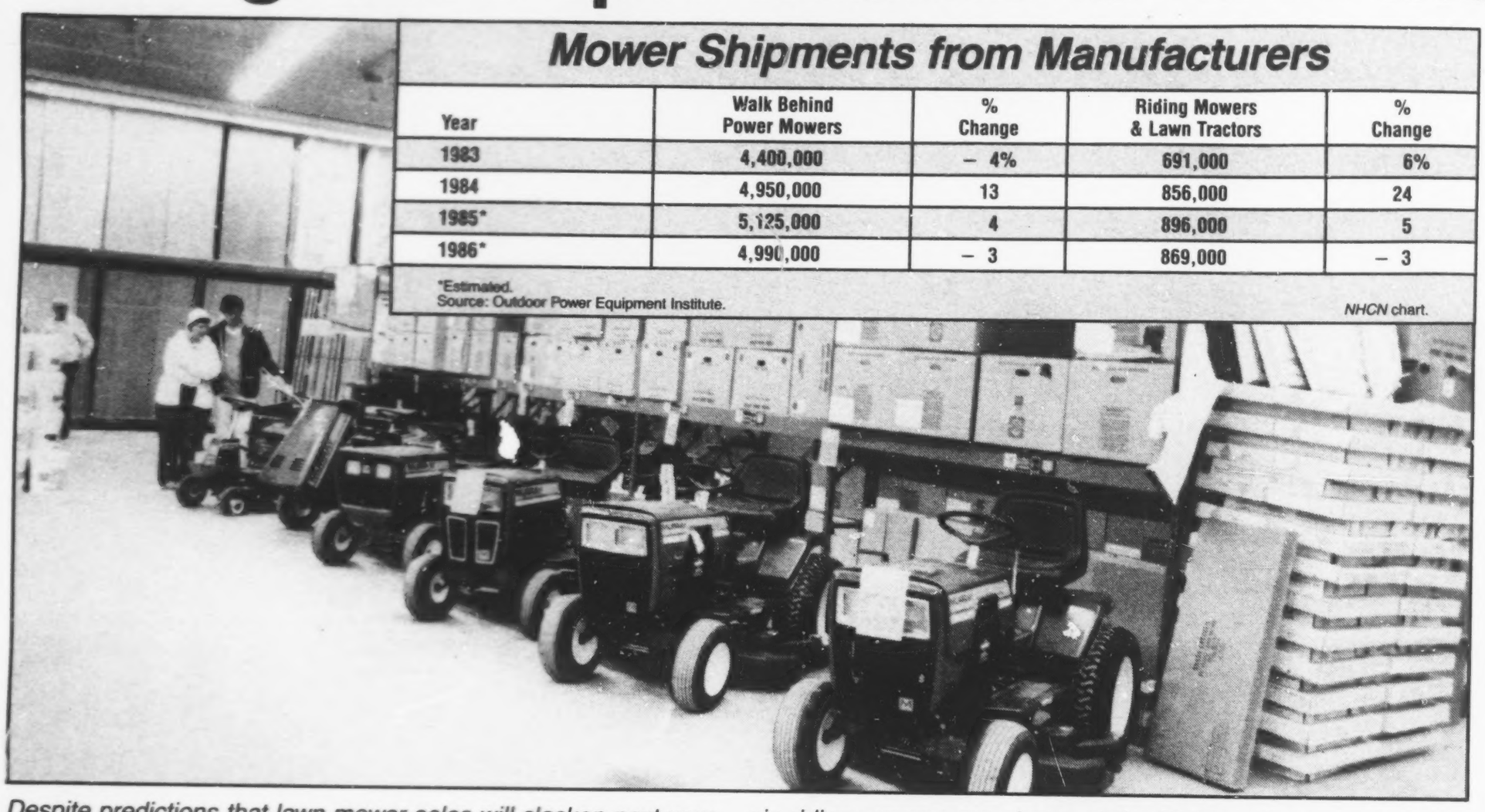


Year	No. Mills	Capacity	Production
1980	5	0.44	0.20
1981	6	0.99	0.34
1982	10	1.55	0.60
1983	12	1.70	1.20
1984	17	2.85	2.09
1985	22	3.65	2.60
1986	24	3.93	2.90
1987	26	4.10	3.40
1988	29	4.50	3.90
1989	31	4.80	4.10
1990	35	5.45	4.40

After more than 20 years, nonveneer structural panels have reached a significant stage of development in the marketplace with waferboard and oriented strand board both experiencing a rise in manufacturing capacity and consumer acceptance. Both waferboard and OSB production should increase 40% over the next three years to an annual rate of nearly 4 billion sq. ft. or 20% of the total structural panel market.

Supplement: Lawn & Garden

Strong sales spur dealers to fill in mower lines



Mower Shipments from Manufacturers

Year	Walk Behind Power Mowers	% Change	Riding Mowers & Lawn Tractors	% Change
1983	4,400,000	– 4%	691,000	6%
1984	4,950,000	13	856,000	24
1985*	5,125,000	4	896,000	5
1986*	4,990,000	– 3	869,000	– 3

*Estimated.
Source: Outdoor Power Equipment Institute.

NHCN chart.

Despite predictions that lawn mower sales will slacken next year, retailers are filling in lines with a variety of price points. A selection of six riding mowers are shown at the Builders Square unit in Detroit.

NHCN photo

NATIONAL REPORT — When buyers from Triangle Building Centers visited the International Lawn, Garden and Power Equipment Expo in Louisville last month, they took what the company's gm Tom Ostrander called a "very intent" look at the new lawn mowers on display.

Like other home centers around the country, Quakertown, Pa.-based Triangle is reporting rapid growth in this category. With two good summers under their belts, buyers are looking to extend their lawnmower lines by filling in price points to satisfy consumers with varying needs.

While Triangle has carried four riding mowers, ranging in price from $700 to $1,800, and six walk-behinds from $100 to $300 for two years, the company added a $60 push mower this year for the first time.

"It's another piece of the market," said Ostrander. "Whenever you have townhouses, or an extremely consolidated population, or a condominium type environment with small pieces of ground, they don't need a power mower."

Increases sku's

Lowe's, the $1.7 billion home center chain based in North Wilkesboro, N.C., added three walk-behinds and two riding mowers this year, boosting its stock keeping unit counts to nine, and 10, respectively.

"We had some niches we wanted to fill, and we went out and did it," said Robert Cannon, the chain's vp of merchandising for consumer durables and seasonal products. A continuing increase in sales of both categories of mowers sparked renewed interest in the chain in filling in the price-point picture. For the year to date, walk-behind sales have increased by 30.5%, and riding mower sales have increased 23.4% at Lowe's 278 stores.

Plastic model added

ACO, the hardware chain of 42 stores based in Farmington Hills, Mich., added an all-plastic bodied walk-behind mower for the first time this year. The impetus here was to offer the consumer a lighter weight, rust-free unit. While the price of $259 is a little higher than comparable steel bodied mowers, the company is trying the unit to see if the consumer will pay a premium for lighter-weight mowers.

Some chains reported that sales were particularly good last year as consumers anticipated that mowers manufactured prior to new government safety regulations would soon no longer be available.

"Last year was the last season for noncomplying mowers," said Kelly Masco, lawn and garden buyer at Gee Lumber, the $25 million chain of 13 home centers that moves 800 to 1,000 mowers annually. "The last ones were built in 1983, and some were available to ship last spring. Mowers that were built later, those which complied with automatic shut-off regulations, could cost up to 20% more to the consumer, Masco noted.

Shipments of walk-behind and riding mowers from manufacturers confirm the rebound in sales during 1984. Walk-behind shipments increased by 13% that year, to 4,950,000, according to the 35 manufacturers that make the product and belong to the Outdoor Power Equipment Institute, Washing-

(Continued on page 35)

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Supplement: Lawn & Garden

Rapid mower sales growth spurs increased offerings

(Continued from page 34)

ton, D.C. This increase compares to a 4% decline experienced in the previous year.

As for riding mowers, shipments increased by 24% to 856,000 during the same time frame. In 1983, the vendors said, shipments of that type mower increased by only 6%.

Vendors expect shipments to increase at a much more moderate pace this year, and they forecast a modest drop in product movement in 1986. The primary force working to soften sales next year, according to a statement from the OPEI, is a general economic slowdown that is expected. However, the OPEI also said that its members "expect continued growth for both major product segments from 1988 through the end of the decade."

If a softening in demand forecast for next year comes to pass, retailers may face another round of pressure from discount chains that have cut prices on the product, and from specialty stores that offer repair services.

For example, Scotty's, the $440 million chain based in Winter Haven, Fla., dropped lawn mowers several years ago, citing pressures from discount and specialty chains such as Wal-Mart and K mart.

The competition has put a heavy weight on gross margins for the product, according to a variety of retailers. "You need the tonnage," said one retailer who asked not to be identified. "You have to advertise the $99 mower to get the public to come to the stores." It's not unusual, according to the retailer, to pay $92 for that promotional mower.

One chain reported gross margins in the mid-30's for the highest-priced mowers, but an average in the mid-20's for the department as a whole. Another said that the average gross margin for the category was 18%, while specialty stores, offering service, parts, and high-end units, might get more than 20%.

Pool supplies make a splash in L&G depts.

(Continued from page 32)

ply department this past spring.

"We figured it would sell well and be a great money maker for us," asserted Bob Cannon, vp-merchandising. But, he noted, "We're not in the pool business. People are coming to us for the chemicals."

Lowe's debuted its new 22-stock-keeping-unit department in most of its stores this spring with an average 10 ft. of space dedicated primarily to chemicals and a few accessory items such as thermometers and test kits.

Consumer requests for pool supplies heavily influenced Wilson Brothers, a five-unit retailer in Fredericksburg, Va., to create its pool supply department last April, said Allan Tarrh, merchandise manager.

The six sku's of chemicals merchandised next to lawn and garden products only in the 5,000-sq.-ft. Ashland, Va., store, a suburb of Richmond—"a good pool market"—was prompted by calls from customers and the local motels, he said.

The pool department at All American is different from many others as it includes about 180 ft. of space stocked with a complete line of supplies including above-ground pools, chemicals, accessories and pool-related games. The items are not purchased or merchandised with lawn and garden, but with sporting goods. "It's more recreational, more compatible with sporting goods," commented Tom Farrell, merchandise manager.

The 12-year-old department is maintained year-round but shrinks to about 30 gondola feet in winter when the demand lessens, he added.

"We've seen a steady growth over the years," said Farrell. "We consider pool and pool supplies an essential element to our sporting goods department. It has always remained profitable."

Noted Paul Siegel, vp-merchandising at Forest City, who is less enthusiastic about his pool supplies department: "[It] can generate some volume with very, very few sku's."

Forest City carries fewer than 10 items, all chemicals.

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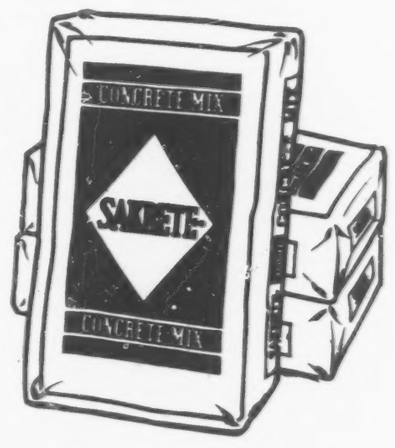

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Technology boosts structural panel sales

(Continued from page 16)

few years. He said eight waferboard mills are already on line by Louisiana Pacific.

Rooney said that unlike plywoods, which are produced from thin sheets of wood veneer layers that often bear knots and other natural defects, waferboard is made from wood chips and arranged in layers in a process that eliminates surface defects.

Similarly, OSB is also constructed from wood chips, but the chips or strands are "directed" in layers at right angles to each other for extra strength.

With predictions calling for increasing demand for the composite panels, many timber growers are optimistically looking toward the future and an expanding market.

Dave Brewster, production manager of structural panel for the Georgia Pacific Co. in Atlanta, said the company is expected to open two new waferboard mills this year. He said both plants combined will have the capacity to produce 10% of composite boards manufactured in the U.S.

"There are growing indications that these new products are gaining acceptance in the market," Brewster said. "There are some price advantages with waferboard and OSB and I think Georgia Pacific would not have made the investment into two new plants if we didn't think the market would grow."

Although waferboard and OSB are principally structural panels and not marketed as decorative boards, both Brewster and Rooney said they have heard about consumers varnishing the products to produce an unusual "marble look."

Perhaps the most significant development in the growth of nonveneer panels has been its high performance ratings from the APA. In roof, floors, walls, decks and other construction uses, OSB and waferboard products earn high marks and are able to be utilized in the same places are traditional plywood.

Bob Anderson, research analyst with the APA, said both plywoods and the composite boards will have a place in the market, and that a part of what makes a customer decide to buy one or the other will be based on the end-use.

He said because OSB and waferboards are usually heavier than plywoods, some people may purchase the products for added strength value. While other contractors may favor plywoods for roofs or walls.

"There's a common market where they both fit in," Anderson said.

For home centers that sell plywoods and the composite boards, the picture is mixed in assessing which panel products customers prefer.

Robert Hefner, general manager at Inner Harbor Lumber and Hardware in Baltimore, said his shoppers are buying strand boards at slightly higher volume than in previous years, but added that the product shows no sign of overcoming traditional plywoods.

"I think the consumer, the DIYer, is not familiar enough with the product," Hefner said. "I think there has to be a little more education.

"The professional contractor, however, is very familiar with it and they buy it in greater numbers than DIYers because they read trade journals and so forth and know about the product."

Hefner's view is supported by the Lowe's Companies which report that 70% of its waferboard sales are to contractors.

"This definitely seems to be a professional item," said Lee Herring, vice president of merchandising for millwork and plywood products at Lowe's. "I would say that our pro vs. consumer sales is 75% to 25%."

Herring said two of the compelling features about the composite boards are its durability over plywoods and its lower price.

"I think this is going to be a growing category for us," Herring said. "We've been selling it on and off since 1980. We stopped selling it for a year because our supplier was Canadian and the product had not been code approved.

"But now we see 30% of our sales in waferboard. A few years ago there was no percentage."

"There's no doubt that the product is outselling plywood at this point in the market," said Mike Coleman, lumber buyer for Busy Beaver. "We've been selling it for about six years and I guess the biggest reason it sells better is the price difference."

Coleman said Busy Beaver sells waferboard at $5.69 to $6.39 compared to plywood which retails between $6.97 and $7.49.

Although the composite panels have a harsh, unfinished look to them, the appearance does not seem to affect sales.

"We think that customers are buying the waferboard product because they know that when the job is done, the surface of the board won't be seen anymore," Coleman said.

Decks, shelving, dog houses and walls are the usual end-uses for which customers seek the product, Coleman said.

But other home center chains see no marked difference in sales or preferences between the two wood products.

Frank Nelson, lumber buyer for Mr. How Warehouse in Margate, Fla., said the firm stocks waferboard, but it does not sell it any better than plywoods.

"I haven't noticed any difference since we've been selling waferboard," Nelson said.

Robert Hirsch, lumber buyer for Gee Lumber in Chicago, said the new waferboards appear to be more popular with contractors, but among homeowners who purchase the flakeboards, he said most are buying the product for outdoor sheds and not necessarily indoor improvements.

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Wolohan Lumber readies expansion plans as 2nd qtr. sales rise 11%

SAGINAW, Mich. — Fresh from a quarter that saw a hearty rebound in its sales, Wolohan Lumber is taking steps to strengthen its market position in the Midwest.

The company reported net sales of $43,428,000 for the second quarter of this year, representing an 11% increase over the same quarter last year. And net income increased by some 33% to $1,365,000 for the quarter, giving the $139 million chain of 35 stores its best results in several years.

David F. Wallace

The company said it would open a new, 40,000-sq.-ft. store—its third of that size—in Flint, Mich., early next year, as part of a larger effort to open an average of four or five stores annually, and to grow the chain to 50 units.

Gary Sellers, formerly a regional manager at the company, was promoted July 1 to the newly created position of vp of operations, a position that had been left vacant for several years. Filling the position now is, in the words of company president David Wallace, "part of our strategy to build a management team for future growth."

While Wolohan did not predict future sales, the investment firm of Roney & Co., Detroit, said that it expected the company to top $153 million by the end of this fiscal year, then move up to $170 million in 1986.

(Continued on page 61)

Comp-store earnings decline sends Depot stock downward

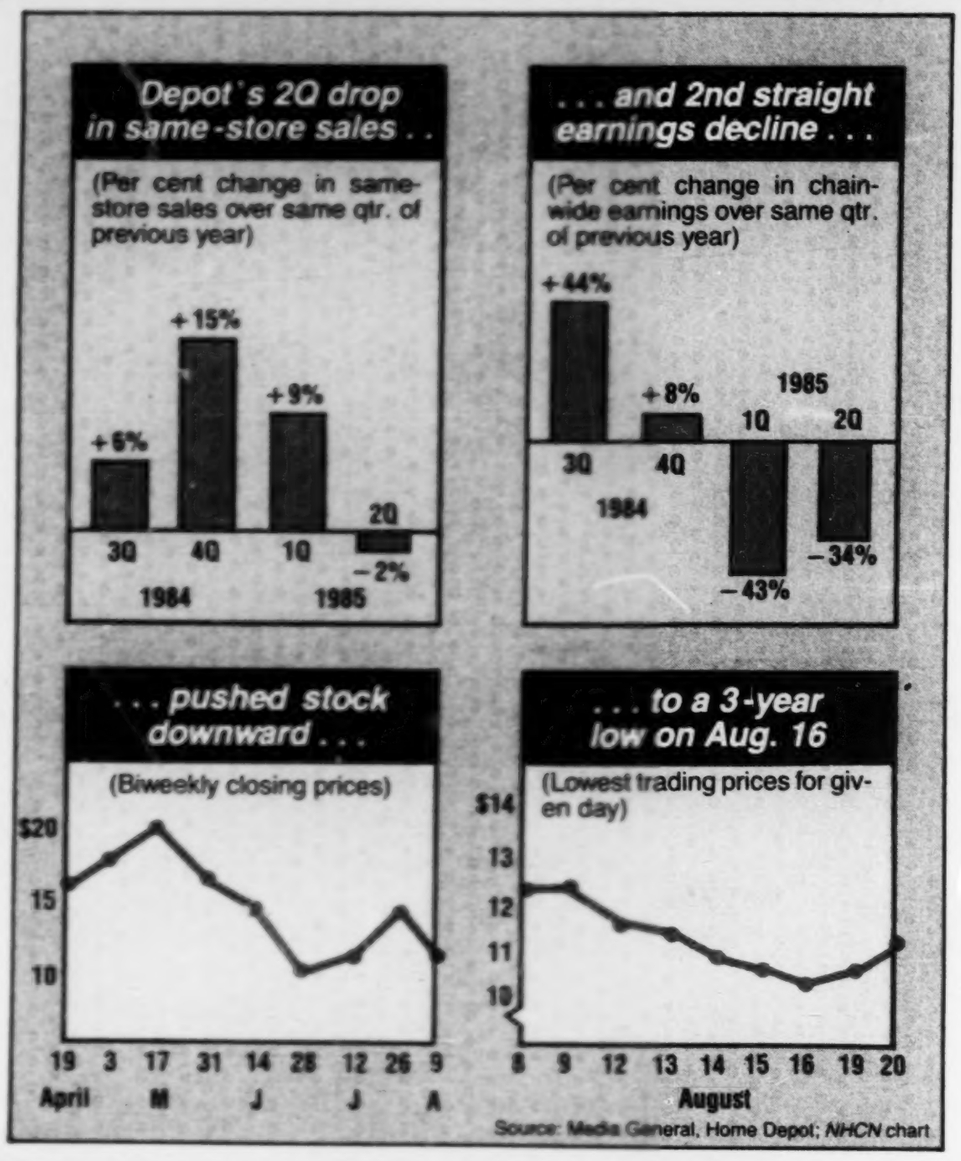
By Phillip M. Perry
NHCN senior editor

ATLANTA — The Home Depot reported its first quarterly decline in same store sales last month, along with the chain's second consecutive quarterly earnings drop. The announcement raised the possibility, in the minds of many analysts, that 1985 will be the first year the company experiences an earnings decline.

The company issued a report on Aug. 12 that second quarter comp-store sales had dropped 2% from the level of the same quarter last year, and that earnings results, due the following Tuesday, might be disappointing. As investors reacted to the news, Home Depot's stock hit new 12-month lows five days in a row, dropping 16% from the 12½ level it had held on the day prior to the announcement. The stock finally hit bottom on Aug. 16 at 10½, its lowest point in nearly three years.

When the company released its earnings figures on Aug. 20, the stock rebounded and began trading around 11⅞. The virtu-

(Continued on page 61)



Source: Media General, Home Depot; *NHCN* chart

Ace circular to vault co-op over $1B mark

OAK BROOK, Ill. — Ace Hardware has taken the wraps off a special holiday circular program that will push the nation's second largest wholesale hardware cooperative over the $1 billion sales mark.

Ace, which last year had sales of $926 million at cost, already has $4.5 million in merchandise orders precommitted by dealers who placed the orders based on a list of 60 "hot" items that will be featured in the eight-page tab.

Each dealer who signs up for the "Billion Dollar Sale-A-Bration" program will receive 1,000

(Continued on page 61)

Builders Square jumped into the southern California home center donnybrook on Aug. 15 with a 90,000-sq.-ft., state-of-the-art unit in the city of Riverside.

NHCN photo

Builders Square opens 1st unit in southern California

By Brad Altman
NHCN associate editor

RIVERSIDE, Calif. — Builders Square, K mart's warehouse home improvement chain, secured a West Coast beachhead here in mid-August just three weeks after The Home Depot landed in California.

Approximately 30 Builders Square warehouses will debut in California within two years, said Frank Denny, president and ceo of the San Antonio-based chain.

A half-dozen units will open in northern California and the remainder—"20 to 25" units—will be located "south of Santa Barbara," Denny said.

The next Builders Square in California, an 80,000-sq.-ft. ex-Zodys discount department store in Oxnard, is set to debut in November.

"Due to the population density and weather, California is America's No. 1 DIY market," Denny said. He added that top management "all came from here—and we know this market."

During the September Labor Day weekend, Builders Square was slated to open three more units—two in Houston and one in Cleveland, according to Denny. Other Builders Square mar-

(Continued on page 61)

NEWSBREAKS

HQ TO SOUTH CAROLINA. Home Quarters Warehouse, Virginia Beach, Va., said it would move out of its home state for the first time with its third store, scheduled to open by the end of this year in Columbia, S.C. The W. R. Grace subsidiary plans to utilize 85,000 sq. ft. of the 140,000-sq.-ft. former headquarters of Intertec Data Systems. HQ purchased the property for $5.7 million on Aug. 6.

- HomeClub lifts margins to 23.3%—Page 2
- Payless closing first unit —Page 3
- Knox ceo cancels expansion plans —Page 2
- 800,000 locked out of homeownership —Page 12

Changing distribution, building slump force Denver wholesaler out of business

By Milford Prewitt
NHCN associate editor

DENVER — The decline of Denver's construction activity and the lessening importance of wholesale distribution networks in the home center and building materials industries was the one-two punch that has knocked a major wholesale distributor here out of business.

The Denver Reserve Supply Co., a prominent lumber and building materials distributor in the Denver area for 57 years was shutting down its operations last month and liquidating its assets and inventory, said company president, Eugene R. Kotlarek.

Kotlarek, who came aboard the ailing firm in 1984 to improve its dire condition, said the company had been losing money steadily in the past six years, from an income peak in 1978 of $34 million to a plummet in 1984 of $12 million.

A cooperative wholesaler comprised of stock-holder customers, many of them home centers and lumberyards in the Denver area, Kotlarek said one of the major reasons the company did not recover is that it failed to adapt to "revolutionary changes" in wholesale distribution.

He explained that after the housing recession of the early 80's and the corresponding escalation of interest rates, retailers and manufacturers laid the rudimentary foundations of what has blossomed into direct-manufacturer distribution.

He said the new system that has developed was particularly detrimental in lumber sales at Denver Reserve, which accounted for more than half of the firm's earnings. In the case of plywood, for example, which

(Continued on page 61)

NHCNews Briefs

Industry Update

Antitrust suit delayed

SEATTLE — A federal judge has granted Pay 'N Pak's request to delay the start of an antitrust lawsuit brought against it by Thurman Industries, rescheduling the trial to Sept. 8, 1986, from its March 1986 date.

The delay gives both sides until April to complete legal proceedings in which witnesses are interviewed and documentary evidence is exchanged (*NHCN*, July 15).

In related pretrial legal proceedings, federal Judge Barbara J. Rothstein is preparing a written opinion on a Pay 'N Pak counterclaim to a Thurman Industries complaint.

Thurman Industries is suing Pay 'N Pak for at least $3 million, claiming that the 99-unit, Kent, Wash.-based retailer engaged in antitrust violations designed to force the 10-store building supply retailer out of business.

Ace joins Discover Card lineup

OAK BROOK, Ill. — Ace Hardware Corp. has joined the list of service establishments that will honor the new Discover Card when it is introduced in Atlanta this fall.

Paul Ingevaldson, data processing director for Ace, the dealer-owned cooperative with 4,700 stores, said, "We believe that the service Ace store owners provide to their customers will be enhanced by accepting the Discover Card." Ingevaldson said that Discover Card transactions will be handled at all the participating Ace stores.

The Discover Card is Sears newest entry into the financial services market.

Somerville sets 4th, 5th sites

SOMERVILLE, Mass. — Somerville Lumber Co. chairman Melvin Cohen said the company will open its fifth unit, in Seekonk, Mass., early next year.

Somerville's fourth unit, in Pelham, N.H., is expected to open about the same time.

Currently, the three-unit lumber company is "looking everywhere within a 50-mile radius of Boston" for new sites to open within the next three years, said Cohen. "But we don't have any other land purchased at this time."

The Seekonk unit, like the one in Pelham, N.H., will be a 56,000-sq.-ft. store, but situated on 16 acres, only 10 of which will be developed. Pelham is on 10 acres.

Paty Co. slates grand opening

PINEY FLATS, Tenn. — The Paty Company has scheduled the opening of its new store in Kingsport, Tenn., for Sept. 9 with grand opening promotions slated to begin on Sept. 21.

The new 40,000-sq.-ft. store replaces the currently existing 8,000-sq.-ft. store on the same site. According to Paty's marketing vp John Kiss, the new store will be the largest home center in the Kingsport-Johnson City-Bristol area.

J.T.'s breaking ground in R.I.

MIDDLETOWN, R.I. — J. T.'s Home and Builders Centers will shortly break ground on a 50,000-sq.-ft. unit in Warwick, R.I., bringing its store count back to five units.

The new build-to-suit, scheduled to open in the spring of 1986, will be the $30 million chain's largest retail store, built on a 19-acre site. It will contain new product lines and aim for a 50% consumer/contractor mix, as the company moves away from its current 65% contractor bias.

The Warwick unit is the first in a major expansion plan, with two more stores slated to open by year-end 1986. J. T.'s Home & Builders Centers recently closed a 5,000-sq.-ft. hardware unit in Newport.

Pay 'n Save sells outlets

SEATTLE — Pay 'n Save has sold its four-unit Price Savers Wholesale outlets to the Kroger Co. of Cincinnati.

The purchase price was not disclosed.

Kroger Co. officials said they would continue to operate the Price Savers in Salt Lake City, Anchorage, Seattle and Tacoma, Wash., as a separate independent division using the existing 400 store-level and managerial employees.

Price Savers under Pay 'n Save leadership had a short but troubled life. Modeled after the Price Club, a chain of general merchandise warehouses which also sell food and liquor, the discount outlets reportedly never met Pay 'n Save's profit expectations.

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Vol. 11, No. 19 September 9, 1985

HomeClub lifts margins to 23.3% to attain first profitable quarter

Prospectus reveals $924,000 loss since inception

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — HomeClub Inc., the 10-unit membership warehouse chain based here, has lost $924,000 on sales of $113 million since its July 1983 inception, according to a preliminary prospectus filed with the SEC.

Moreover, the chain, which realized its first profitable quarter in the three-month period ended April 28—net earnings of $1.41 million on sales of $34.8 million—was forced to raise its gross profit margin to 23.3% for that fiscal period.

In fiscal 1984, operating with a profit margin of 21.9%, HomeClub lost $1.78 million on sales of $68.1 million, which suggests that HomeClub may not be able to operate its no-frills, high-volume warehouses with a 20% margin as company officials have consistently said was their goal.

The 23.3% profit margin is still believed to be considerably lower than other warehouse formats in the industry. The prospectus said the gross margin increase in part "was due to volume purchase discounts which the company received as a result of expanded operations."

HomeClub turns $1.4 million 1Q profit

Financial history (in thousands of dollars)

	Fiscal 1983 (7/7/83 to 1/29/84)	Fiscal 1984 (1/30/84 to 1/27/85)	1Q-1984 1/30/84 to 4/29/84)	1Q-1985 (1/28/85 to 4/28/85)
Revenues	$10,031	$68,164	$9,455	$34,812
Income	(547)	(1,789)	(377)	1,412

Parentheses denote loss
Source: HomeClub preliminary prospectus issued Aug. 9, 1985

HomeClub has lost $924,000 on sales of $113 million since its inception on July 7, 1983.

The financial results were revealed in a prospectus issued in conjunction with HomeClub's initial public offering of 2.25 million shares of common stock priced at $14 to $16 a share. Results for the second fiscal quarter were not available when this story was written in late August.

Over the last several months, HomeClub had been widely expected to make the move to public ownership, and, filed a registration statement with the Securities and Exchange Commission on Aug. 9 (*NHCN*, Aug. 12).

Proceeds from the offering, which are expected to total from $31.4 million to $35.9 million, will be used to finance an expansion program that will open eight additional warehouses in California before the end of 1985 and 15 to 18 warehouses in the western U.S. next year.

Founder and chief executive Robert J. McNulty told *NHCN* the chain has committed to sites in Seattle and Denver, scheduled for opening in 1986.

HomeClub's 10th unit, an 84,000-sq.-ft. warehouse in Santa Rosa, Calif., opened Aug. 19.

The faster-paced expansion out of California would move HomeClub beyond its established operating area and could lead to stepped up competition for such retailers as Ernst Home Centers in Washington and Payless Cashways in Colorado.

In addition to the financial

(Continued on page 60)

Knox ceo cancels expansion plans; fills vacant slots

ST. PAUL — Knox Lumber Co. president and ceo Richard Miller said that in addition to canceling expansion plans unveiled earlier this year by the company's previous management, he has filled several key positions that became vacant after four of the managers resigned in July.

Effective Aug. 12, Miller said Mike Carver, formerly a company hardware merchandiser, is vp-merchandising; Jack Walsh, gm-operations, is now vp-operations; and Glenn Frederickson, vp-data processing, is now vp-administration.

Mark Baker, formerly re-

(Continued on page 60)

Teenage worker killed in forklift accident

TYSONS CORNER, Va. — A teenage employee of a J. S. Hayes Building Supply Center here was killed last month when a forklift he was driving in the store's outdoor yard tipped over and crushed him.

According to Fairfax County police, Richard Lattimore, 16, of Arlington, Va., was pronounced dead Aug. 6 at Fairfax Hospital after being airlifted by helicopter from the accident scene. A spokesman for Hayes, J. R. Barney, declined to comment to *NHCN* about the incident

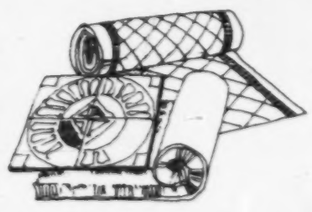
However, Barney was quoted in the *Northern Virginia Sun* as indicating that Lattimore was a part-time worker assigned to store hardware materials. According to Barney, other workers had warned the youth not to enter the supply yard area. Further, the newspaper indicated that Barney reported the teen was driving the forklift in circles when the accident occurred.

NHCN *examines how home centers address safety problems in operating heavy equipment in stores, page 45.*

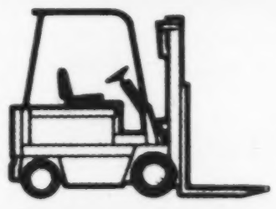
Highlights in this issue

MERCHANDISING

- *Resilient flooring market expands as it becomes a fashionable product for the entire home.* —**Page 35**
- *Self-stick tiles make gains in DIY flooring market* —**Page 40**
- *Patent award bumps manufacturer ahead in string trimmer design* —**Page 42**
- *Packaging design winners spotlighted at Hardware Show* —**Page 42**
- *Chemical sales on the rise as many dealers expand their lawn and garden offerings* —**Page 43**



SYSTEMS & OPERATIONS



Home center industry grapples with safety issues related to product handling:
- *Preventive maintenance of equipment a must*
- *Films, classes help train employees*
- *Home centers have special equipment needs* —**Pages 45-49**

INDEX

Ad Angles 30
Classifieds 57-59
Editorial 8
Financial News 4, 5, 6
Home Center Trivia 20
Housing Watch 10, 12
Lumber Report 16
New Products 56
New Systems & Operations Products 52
People 18, 19, 20
Washington View 8

ADVERTISING

- *Depot touts "piranha" image in 8-page California blitz* —**Page 23**
- *Scotty's new "flexi" circular boosts sales 20%* —**Page 24**
- *Mythical mall demonstrates effectiveness of radio advertising in Cincinnati* —**Page 28**
- *Olympic renews sponsorship of tennis tournament* —**Page 30**

FINANCIAL NEWS

Disappointing sales and earnings reports threw a shadow over the home center stock scene in late August, as price percentage losers outnumbered gainers for the third straight reporting period.

Of 56 stocks whose price changes are monitored on behalf of *NHCN*, 17 gained ground and 32 lost value during the two-week reporting period that ended Aug. 23. Seven stocks remained unchanged.

The *NHCN* Retail stock index continued to underperform the Standard & Poor's 500 Index throughout most of the past 52 weeks.

Home Depot's announcement that same-store sales had declined for the first time in its history was a major contributor to the 8% decline in that company's stock price, to $11.50. The stock had actually declined by 16% during a five-day period as investors speculated that the company's earnings would be greater than anticipated, but the stock rebounded when the company's hard numbers emerged. (See story, page 1.)

On the retail scene, other price losers included Payless Cashways, which declined by 9% to $16.38, and National Lumber, which fell 6.9% to $6.75. Pay 'N Pak fell 5.4% to $13.13, while Erb Lumber declined 4.1% to $23.50.

The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
INTERCO Inc ..... N	22,472	573.4	9.7
MacMilln Bldel ..... N	2,252	406.7	- 2.4
Forest City Ent ..... A	160	300.0	- 3.6
Natl Lumber ..... M	1,735	199.0	- 6.9
Home Depot ..... N	19,633	184.1	- 8.0

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
La Pacific ..... N	7,358	172.4	- 4.9
Mor-Flo Inds ..... M	423	169.4	- 4.0
Wolohan Lumber ..... M	765	142.6	.0
K mart Cp ..... N	43,212	141.3	- 2.9
Std Brd Pnt ..... N	3,959	139.9	- 1.1

TOP GAINERS

Company & Market	2-Weeks Ended 8-23-85 $	2-Week Price Change %	Total 2-Week Volume (100)
INTERCO Inc ..... N	72.13	9.7	22,472
Thos Inds ..... N	18.88	7.9	405
Mich General ..... A	5.25	7.7	2,032
Lowe's Cos ..... N	24.88	5.3	4,981
Ply-Gem ..... A	15.88	4.1	654

TOP LOSERS

Company & Market	2-Weeks Ended 8-23-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Allegheny Int ..... N	20.88	- 9.7	1,824
Clopay Corp ..... A	15.00	- 9.1	149
Payless Cash ..... N	16.38	- 9.0	6,280
Home Depot ..... N	11.50	- 8.0	19,633
SW Forest Ind ..... N	12.13	- 7.6	1,916

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: 2-Weeks Ended 8-23-85 $	Price: 2-Weeks Change Amt. $	Price: 2-Weeks Change Pct. %	Price: 2-Week Range High $	Price: 2-Week Range Low $	Price: 52-Week Range High $	Price: 52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	Volume: 2-Weeks Shares Traded % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue Amt. $Mil	Latest Quarter: Revenue Chg. %	Latest Quarter: Net Income Amt. $Mil	Latest Quarter: Net Income Chg. %	Latest Quarter: E.P.S. Amt. $	Latest Quarter: E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Year-to-Date: Revenue Chg. %	Year-to-Date: Net Income Amt. $Mil	Year-to-Date: Net Income Chg. %	Year-to-Date: E.P.S. Amt. $	Year-to-Date: E.P.S. Chg. %
Retailers																													
Boise Cascade ..... N	46.25	- .25	- .5	46.88	44.88	51.00	36.25	5,736	2.10	2.06	1.9	20.0	1.90	4.1	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile ..... M	19.00	.75	4.1	19.25	18.13	20.00	15.13	2,631	2.83	2.93	- 3.4	13.1	.00	.0	NEW	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros ..... N	32.25	.25	.8	32.75	31.50	38.25	31.00	422	.42	.95	- 55.8	13.1	1.60	5.0	NEW	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber ..... M	23.50	- 1.00	- 4.1	26.50	23.00	26.50	18.00	13	.15	.17	- 11.8	5.2	.00	.0	NEW	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod ..... N	1.75	- .13	- 6.7	2.00	1.75	6.00	1.75	356	.26	.24	8.3	NE	.00a	.0	NEW	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent ..... A	23.38	- .88	- 3.6	24.88	23.38	24.88	16.00	160	.40	.10	300.0	32.5	.15	.6	.....	3 mos.	04-85	73.7	45.7	.2	NE	.02	NE	73.7	45.7	.2	NE	.02	NE
Grace W R ..... N	43.00	- .63	- 1.4	44.25	42.75	45.00	38.50	6,623	1.36	1.03	32.0	12.5	2.80	6.5	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A ..... M	17.25	- .13	- .7	17.50	16.00	23.19	14.00	1,510	1.73	2.13	- 18.8	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	17.00	- 1.25	- 6.8	17.75	16.00	24.19	14.19	1,371	.61	.29	110.3	18.1	.08	.5	.....	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber ..... O	40.75	.00	.0	41.50	40.75	43.75	35.50	9	.05	.17	- 70.6	21.4	1.00	2.5	NEW	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse ..... M	5.00	.00	.0	5.50	4.75	12.25	4.75	1,861	6.59	2.78	137.1	NE	.00	.0	.....	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot ..... N	11.50	- 1.00	- 8.0	12.38	10.50	20.38	10.50	19,633	7.84	2.76	184.1	25.6	.00	.0	NEW	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc ..... N	72.13	6.38	9.7	72.50	64.25	72.50	55.75	22,472	15.96	2.37	573.4	18.1	3.08	4.3	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp ..... N	33.25	- 1.00	- 2.9	34.88	32.25	41.50	32.13	43,212	3.45	1.43	141.3	10.0	1.40	4.2	NEW	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos ..... N	24.88	1.25	5.3	25.00	22.50	31.13	19.25	4,981	1.37	1.07	28.0	14.8	.36	1.4	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General ..... A	5.25	.38	7.7	5.63	4.88	8.50	4.50	2,032	1.79	1.53	17.0	NE	.00	.0	NEW	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Natl Lumber ..... M	6.75	- .50	- 6.9	7.00	6.50	7.50	4.50	1,735	3.08	1.03	199.0	32.1	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak ..... N	13.13	- .75	- 5.4	13.88	12.88	16.75	11.50	1,946	1.95	1.06	84.0	13.4	.64	4.9	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash ..... N	16.38	- 1.63	- 9.0	18.00	16.00	23.38	14.00	6,280	1.81	1.69	7.1	14.5	.16	1.0	.....	6 mos.	05-85	375.7	20.5	13.0	6.6	.39	5.4	630.6	23.8	14.6	- 1.4	.44	- 4.3
Scotty's Inc ..... N	13.75	.25	1.9	13.75	13.00	16.38	12.50	925	.70	.50	40.0	10.3	.52	3.8	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck ..... N	35.25	.00	.0	35.63	35.00	39.13	29.75	47,865	1.32	.70	88.6	9.4	1.76	5.0	.....	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Pnt ..... N	22.63	- .25	- 1.1	23.50	22.50	23.88	17.75	3,959	3.55	1.48	139.9	12.0	.56	2.5	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen ..... N	43.50	- 1.63	- 3.6	45.13	42.75	48.38	26.50	2,361	1.33	.99	34.3	12.9	.48	1.1	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber ..... M	6.63	.00	.0	6.75	6.50	7.25	4.25	765	1.31	.54	142.6	13.0	.16	2.4	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer ..... M	7.50	- .50	- 6.3	8.25	7.50	9.75	7.13	339	.91	.45	102.2	35.7	.28b	3.7	.....	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int ..... N	20.88	- 2.25	- 9.7	23.13	20.63	28.75	20.25	1,824	1.73	.94	84.0	NE	1.40	6.7	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard ..... N	29.75	- .25	- .8	30.38	29.00	35.38	26.75	5,546	1.42	.81	75.3	9.9	1.60	5.4	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld ..... N	34.00	- 1.25	- 3.5	35.38	33.75	39.75	26.75	4,619	1.93	1.32	46.2	8.9	1.30	3.8	.....	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker ..... N	18.63	- .50	- 2.6	19.38	18.00	26.88	18.00	11,024	2.19	2.12	3.3	15.5	.64	3.4	.....	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed ..... N	25.88	.13	.5	26.13	25.38	28.50	15.75	1,191	.63	.56	12.5	12.2	.70	2.7	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl ..... N	23.25	- .50	- 2.1	24.00	22.75	26.75	18.38	12,963	1.40	1.29	8.5	NE	.52	2.2	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp ..... A	15.00	- 1.50	- 9.1	16.75	14.75	22.19	10.91	149	.98	1.04	- 5.8	13.5	.16	1.1	.....	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc ..... N	33.75	.13	.4	34.13	33.50	37.88	29.63	166	.35	.85	- 58.8	10.3	1.40	4.1	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Exhart Corp ..... N	29.00	- .63	- 2.1	29.75	28.63	33.13	26.25	4,448	1.61	.77	109.1	9.8	1.40b	4.8	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacific ..... N	22.75	- .63	- 2.7	23.38	22.00	27.38	20.00	16,902	1.64	1.12	46.4	21.9	.80	3.5	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp ..... N	18.88	.25	1.3	19.13	17.88	20.72	15.34	2,969	1.53	.84	82.1	10.4	1.00b	5.3	.....	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific ..... N	19.25	- 1.00	- 4.9	20.25	19.25	24.75	17.84	7,358	2.07	.76	172.4	18.7	.80b	4.2	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
Macmillin Bldel ..... N	15.00	- .38	- 2.4	15.50	14.75	21.81	14.75	2,252	.76	.15	406.7	27.8	.00a	.0	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp ..... N	6.25	.00	.0	6.25	5.50	8.63	5.13	11,039	4.60	2.63	74.9	2.8	.00	.0	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp ..... N	33.50	- 1.25	- 3.6	35.00	32.88	36.00	24.00	7,061	1.22	.89	37.1	23.9	.56	1.7	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds ..... M	17.88	- .75	- 4.0	18.38	17.88	20.25	14.38	423	1.67	.62	169.4	6.8	.01	.1	NEW	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum ..... N	48.75	1.13	2.4	49.13	47.00	49.38	34.00	2,144	1.38	1.47	- 6.1	6.6	2.00	4.1	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co ..... N	16.00	.00	.0	16.50	15.63	19.00	13.25	544	.63	.41	53.7	9.4	.50	3.1	.....	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning ..... N	34.75	.00	.0	35.00	33.88	37.00	28.88	5,839	1.97	1.04	89.4	8.8	1.40	4.0	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem ..... A	15.88	.63	4.1	16.25	14.38	16.50	12.44	654	1.78	1.05	69.5	15.1	.16	1.0	NEW	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.0	- 16.7	.52	- 24.6
Pope & Talbot ..... N	17.88	- .13	- .7	18.38	17.50	21.50	15.25	329	.55	.25	120.0	NE	.80	4.5	.....	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp ..... N	32.50	- .25	- .8	33.88	32.25	38.13	28.00	1,272	.83	.35	137.1	13.0	1.56	4.8	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms ..... N	37.63	- 1.63	- 4.1	39.38	37.25	40.00	25.50	3,017	1.32	.65	103.1	12.5	.92	2.4	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind ..... N	12.13	- 1.00	- 7.6	13.13	12.00	18.75	11.75	1,916	2.06	2.35	- 12.3	NE	.00	.0	.....	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works ..... N	29.88	- .25	- .8	30.25	29.50	31.38	23.88	1,838	.66	.69	- 4.3	11.1	.96	3.2	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds ..... N	18.88	1.38	7.9	18.88	17.38	19.13	13.97	405	.48	.64	- 25.0	10.5	.68b	3.6	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac ..... N	29.00	.75	2.7	29.38	28.25	31.25	22.63	360	.87	1.30	- 33.1	8.6	1.00	3.4	.....	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp ..... N	39.50	1.13	2.9	40.88	37.38	44.50	26.38	5,009	1.51	1.02	48.0	6.8	1.68	4.3	.....	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim ..... N	35.13	.13	.4	36.00	34.00	39.25	25.13	6,329	3.01	1.73	74.0	7.2	1.40	4.0	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Wausau Ind ..... M	12.63	.13	1.0	13.13	12.50	16.88	5.50	369	1.22	1.88	- 35.1	16.0	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser ..... N	28.25	.25	.9	28.50	28.88	34.00	25.88	10,345	.80	.64	25.0	23.3	1.30	4.6	.....	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

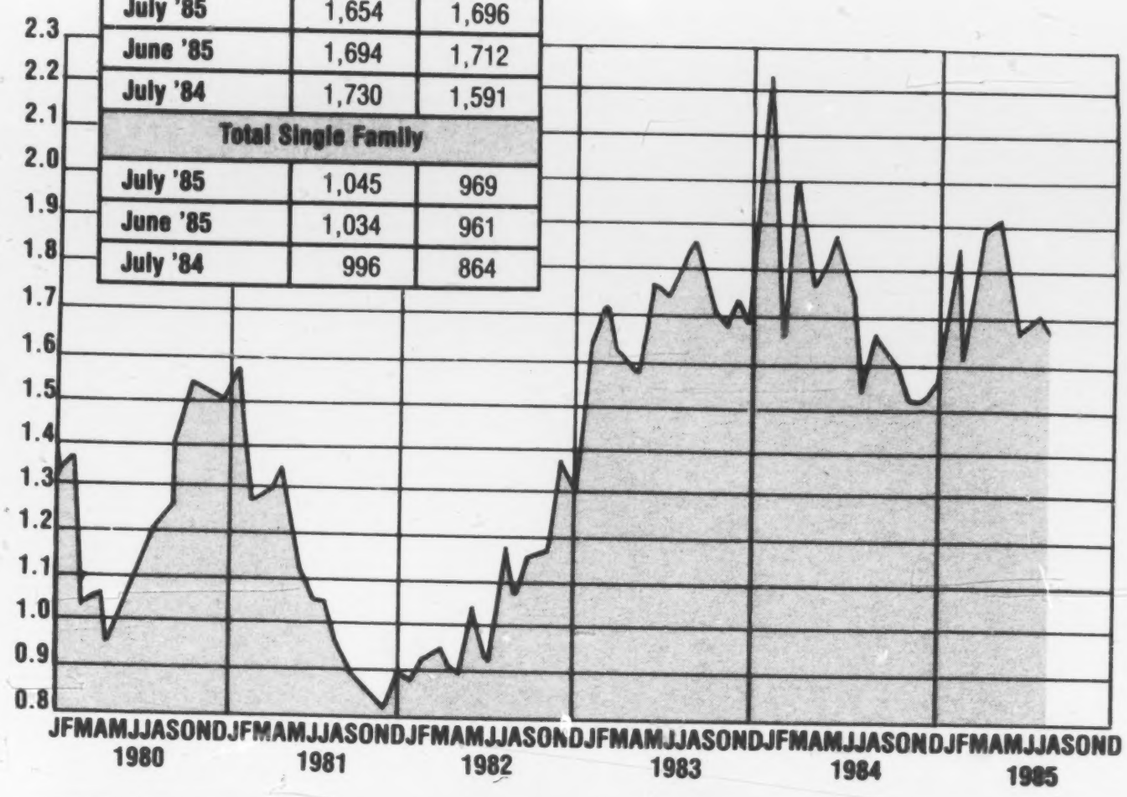
Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
July '85	1,654	1,696
June '85	1,694	1,712
July '84	1,730	1,591
Total Single Family		
July '85	1,045	969
June '85	1,034	961
July '84	996	864

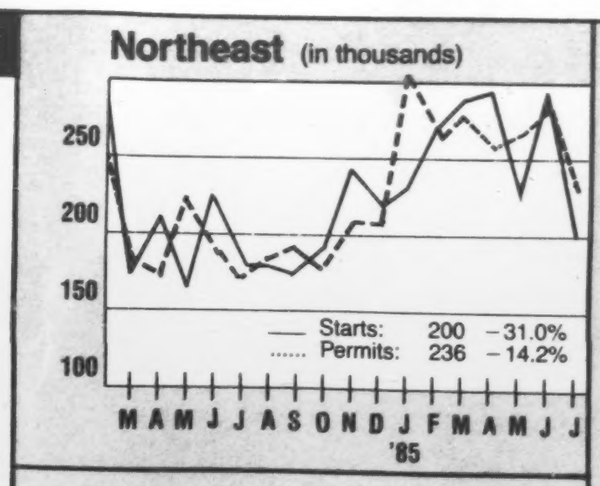
U.S. housing starts

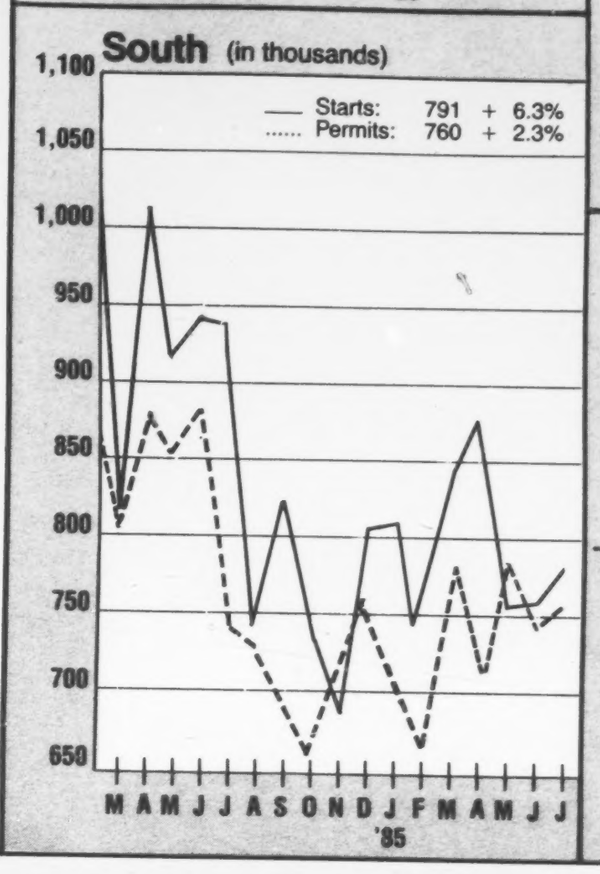
Seasonally adjusted annual rates

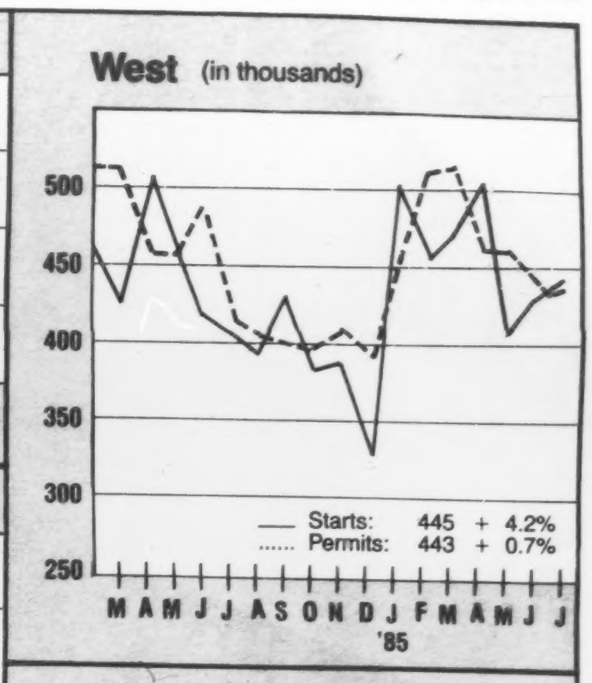


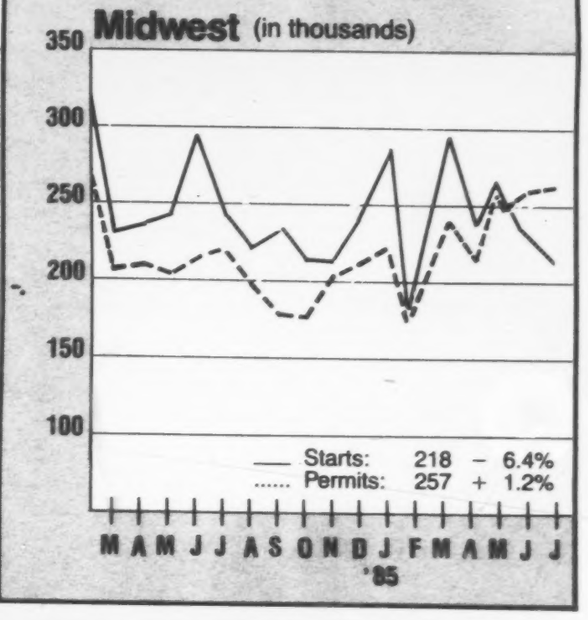
Strong permit activity in July is expected to produce strong housing starts during the second half of this year, according to Michael Sumichrast, senior staff vp with the National Assn. of Home Builders. He is also predicting that 1985 will yield 1.68 million housing units, about 3% to 4% below 1984, compared with the 5% drop originally forecasted for 1985.

Source: U.S. Dept. of Commerce, Bureau of the Census









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Growing permit activity prompts NAHB to predict strong 2nd half

NATIONAL REPORT — Housing starts in July dropped 2.4% to a seasonally adjusted 1.65 million units. The Northeast region leads the slide with a 31% decline, according to Commerce Department statistics.

But Michael Sumichrast, senior staff vice president, with the National Assn. of Home Builders cautioned the doomsayers.

"When you really look beyond the numbers, permits are very strong," he said. "In the last few months, they have been higher than starts, which will give a very strong second half."

In fact, Sumichrast said that since spring, permits are averaging 1.9 million-units, much higher than the NAHB had forecasted for the year. Permits were off 0.9% nationally to 1.7 million units, seasonally adjusted, in July. Regionally, permits were up moderately in all areas of the country except in the Northeast, where they were off 14.2%.

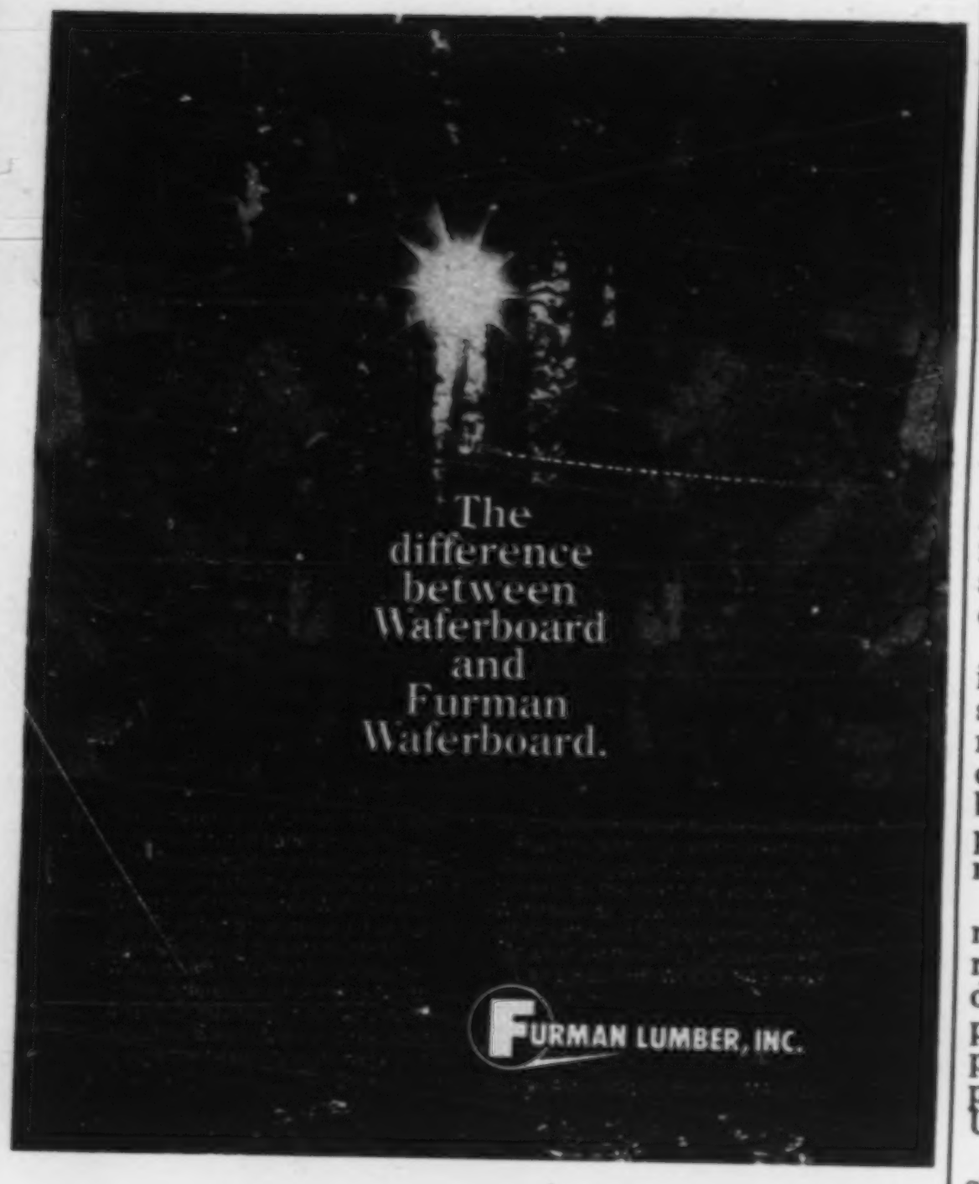
The NAHB had predicted that starts would be 5% below the 1.755 million units posted last year, but now expect 1985 to be much closer to 1984 levels, perhaps just 3% below 1984.

"What we're seeing is very strong permit activity, stronger than we thought. The year will end up close to 1984, maybe only 50,000 units less, rather than 100,000," Sumichrast commented.

He explained that the drop in the Northeast was centered primarily in the multifamily housing sector, both owner-occupied and rental properties. "A lot of it is in condominiums, which aren't doing well anywhere," he said.

Despite the decline in total housing starts, single-family starts rose 1.1% in July to a seasonally adjusted 1.045 million units.

Compared to last July, all four regions are a combined 4.4% below the 1984 total housing starts level, but 4.9% ahead in single-family starts, 6.6% ahead of total housing permits, and 12.2% above single-family permits.



LUMBER REPORT

Lumber companies fail to prosper during robust economic recovery

Potlatch closings illustrate dilemma

By Milford Prewitt
NHCN associate editor

LEWISTON, Idaho — American lumber producers find themselves currently operating in a perplexing business cycle.

In a period of such encouraging trends as brisk housing starts, declining mortgage rates and strong demand for certain structural panels, lumber producers are unable to prosper from the robust economic times.

Instead, the lumber companies find themselves beset by a market that is oversupplied, depressed by dwindling lumber prices and shoved aside by competitive Canadian lumber exporters who hold a third of the U.S. market.

For most companies, what strategy to select to make sense of the puzzle and come out ahead is usually reached when looking at the bottom line, and in the case of one lumber company, Potlatch Corporation, the bottom line dictates a cut in production and significant layoffs.

While Potlatch has been losing money for about four years, its attempt to stop its financial hemorrhage by closing two plants serves as a broader bellwether to the industry's woes as a whole.

Lawrence Ross, a New York-based analyst with Paine Webber, said Potlatch's plight and its reaction is typical of the steps lumber companies are taking to remain competitive.

"The industry has not been doing well," Ross said. "The price of lumber has fallen nearly 22% since 1979 to 1984 and there's more capacity on the market at the same time.

Significantly, while the composite price of lumber according to *Random Lengths* rose from $176 per thousand board feet at the end of the first quarter to $230 by the middle of the second quarter, the price has fallen below $200 in the past eight weeks. And order files have also dropped sharply.

In a recent timber trends survey, Ross reported that lumber's current business cycle is an unusual break with the past. Although the industry has always been marked by cyclical ebbs and flows based on housing, the current housing recovery has not brought new earnings for producers, Ross said.

"In the case of Potlatch, they've lost more than $5 million in their wood products operation and they can't sustain that. So what they are doing is a perfectly conventional response," Ross added.

Potlatch has announced that it will layoff about 850 salaried and hourly employees from its Lewiston sawmill operation, a 40-year-old plant, and shutdown a plywood plant at Jaype, Idaho.

The firm's decision came after Potlatch reviewed its bleak second quarter earnings performance. In the first six months of 1985, the company's overall earnings fell 23% compared to 1984, due largely to what the company called "disappointing results in wood products."

The wood products operation lost $5.9 million during the second quarter of this year, almost four times the $1.5 million the company reported losing for the same time period in 1984. Overall, earnings for the diversified forest products company were $10.5 million, down from 1984's $15.9 million.

In a prepared statement in response to the company's performance, Richard H. Madden, Potlatch chairman and ceo, blamed poor domestic markets, the adverse affects of the strong U.S. dollar on export sales and the Canadian lumber invasion as the three culprits hurting the firm's profitability.

Although Madden said the company had strong demand for its paper and panel products, earnings in these two categories were not enough to negate overall losses.

"Housing market improvements during the quarter were not enough to offset the negative effects of excessive industry capacity and the large volume of imported Canadian lumber," Madden said. "This means staying lean and being prepared, financially and operationally, to take whatever actions are required to compete successfully, whatever the economic environment."

Ranked by *Forest Industries* magazine as the 20th largest American lumber producer in 1984 (out of 400 firms), Potlatch

(Continued on page 54)

FUTURES

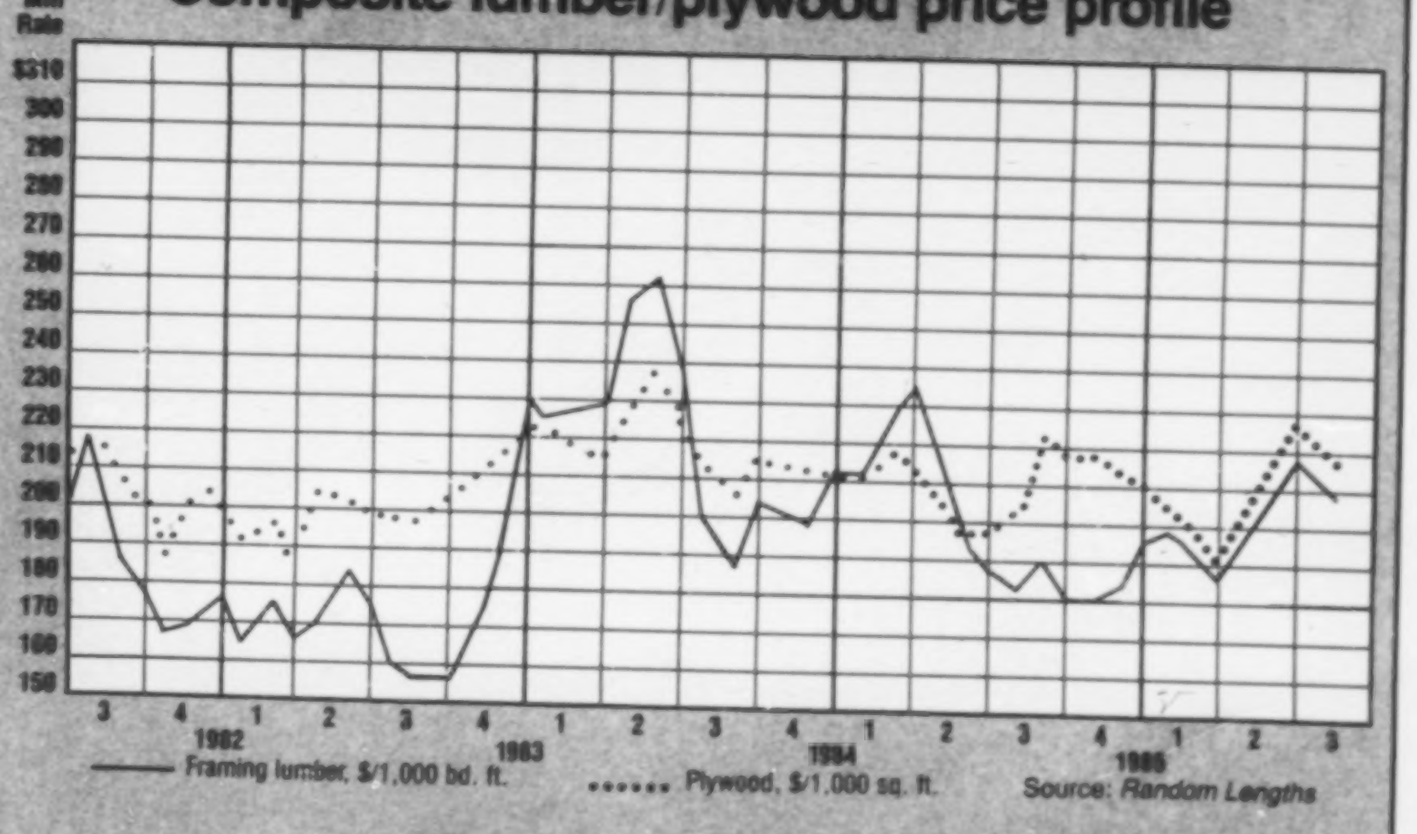
Two weeks ended Aug. 8, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '85	139.50	133.50	137.20	138.00	4,105	197.50	133.50
Nov.	139.30	133.70	137.00	139.10	2,721	186.10	133.70
Jan. '86	145.40	141.00	143.40	146.00	975	187.30	141.00
March	152.70	148.30	150.30	152.50	781	195.00	148.30
May	157.20	152.50	155.60	157.50	328	176.40	152.50
July	162.00	157.50	159.70	161.70	69	183.40	157.50
Sept.	165.00	161.00	162.60	165.40	37	180.00	161.00

Total Contract Vol. (Through 8/8): 13,767 — Previous Two Weeks: 15,440
Total Open Interest (As of 8/8): 9,016 — Previous Week: 8,814
Cash Price: $148.96 — Previous Week: $150.92 — Year Ago: $144.06

CME—Chicago Mercantile Exchange
*Figures for Thursday, August 8.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

After rebounding in the second quarter with strong sales and higher price levels, the composite lumber prices are starting to drop again, ironically during the height of the summer building season.

The price of framing lumber dropped from $220 per thousand board feet to $208 in early July. Plywood followed from $230 per thousand board feet to $217 during the same time period.

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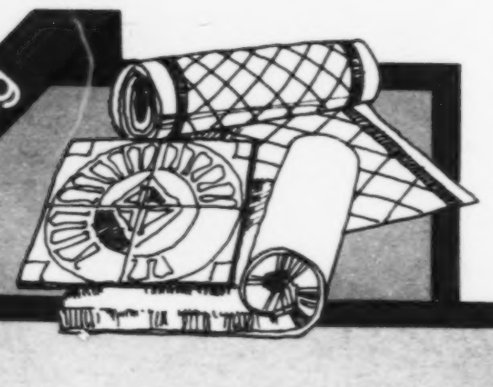
MERCHANDISING

Floor Covering



Resilient flooring growing as fashionable product for the entire home

Floor covering market by category

(% share of market)

	1985	1984
Wall-to-wall carpeting	52.6%	51.7%
Resilient flooring		
Sheet vinyl	12.1	12.6
Tile	3.6	3.2
Total	15.7	15.7
Carpet remnants	6.7	6.9
Indoor/outdoor carpeting	2.5	2.9
Hardwood flooring	2.5	2.1
Area rugs	2.3	2.8
Ceramic tile	1.8	2.1
Carpet tile	1.7	1.3

Source: Retail Floor Covering Institute Management Report 1985; *NHCN* chart

Resilient flooring accounts for 15.7% of all flooring purchases made at retail, according to the Retail Floor Covering Institute, making it the most preferred flooring material after wall-to-wall carpeting.

NATIONAL REPORT — Retailers across the country are expanding their flooring departments to include more resilient flooring, now a fashion item, as part of their overall emphasis on home decor products and departments.

This growing emphasis on resilient flooring, both rolled vinyl, also called sheet vinyl, and tile, particularly self-adhesive tiles, reflects a trend fueled by increased product variety, styles, colors and quality grades that consumers have accepted for use throughout their homes, not just in the kitchen and bath.

"The market as a whole is growing, especially the DIY end of it where it has the biggest opportunity to grow," asserted Jim Chambliss, buyer for Scotty's, the 114-unit retailer based in Winter Haven, Fla.

And the market will continue growing so long as the resilient flooring manufacturers and DIY market retailers continue to advertise products, asserted Bill Graham, director of communication for the Retail Floor Covering Institute.

The vigorous advertising campaigns undertaken by the top manufacturers in home decor magazines and on TV "has informed people their products are beautiful," he added.

Although sales gains have not been consistent this year in the floor covering industry and sales declines could be recorded, according to Michael Karol, editor-in-chief of *Mod-*

(Continued on page 36)

MERCHANDISING

Resilient floors grow as fashionable product

(Continued from page 35)

ern Floor Coverings, a trade publication, several retailers are reporting that they are experiencing improved sales in this category.

Among the many posting sales increases are Scotty's, Somerville Lumber, Somerville, Mass.; Builders Supply Co. of Hopewell, Hopewell, Va.; Wolohan's, Saginaw, Mich.; Ed Price Building Materials Co., Baton Rouge, La., and Color Tile, the 665-unit floor covering specialty store.

Larry Sauter, assistant merchandise manager for Color Tile, noted that last year the Fort Worth-based retailer posted sales of more than $290 million, a figure it expects to better in 1985 by "the low to midteens."

In addition, Color Tile, which is in all 48 contiguous states, will add 35 to 40 new stores this fiscal year, ended June 30, he said.

Sales of resilient flooring have been "picking up for the last two years," said Sauter, and sheet vinyl has "increased dramatically."

According to the Retail Floor Covering Institute 1985 Management Report to be released next month, 15.7% of floor covering sales in the average retail store in the U.S. is for resilient flooring. Only wall-to-wall carpeting, with a 52.6% share, has a bigger part of the flooring sales market.

Of all resilient flooring, sheet vinyl is the dominate product taking 12.1% of all such sales with just 3.6% going to self-adhesive tile. But the tile is increasing its share of the resilient market, at the expense of rolled vinyl, the forthcoming report notes. Last year, tile amounted to only 3.2% and rolled vinyl, 12.5%. (See other story.)

Most retailers polled for this story commented that resilient flooring is gaining in popularity because it is an easy DIY project, not really time consuming and fairly inexpensive to undertake. Depending on the quality of the product chosen, a 6-ft. x 6-ft. bathroom can be refloored for about $50, a 9-ft. x 12-ft. kitchen for about $100.

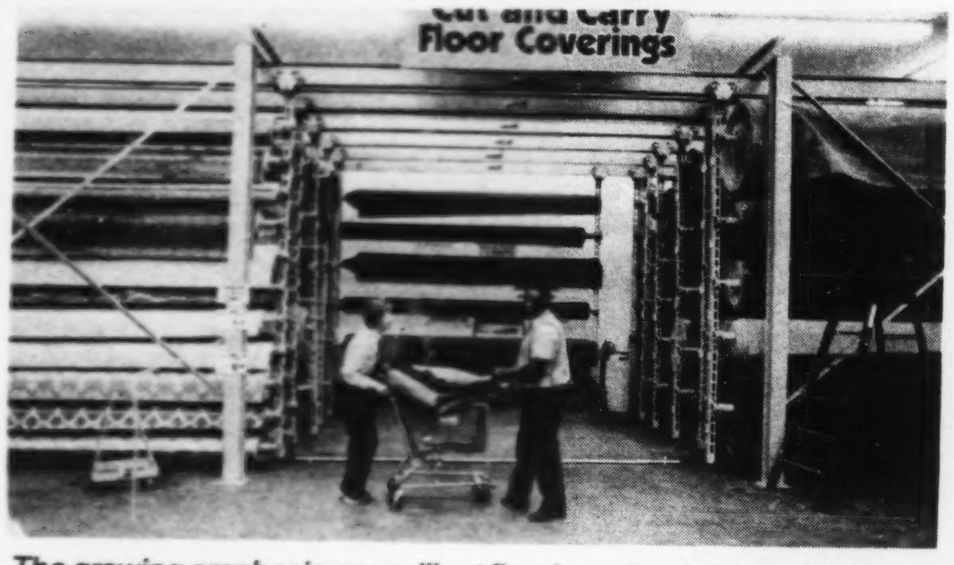
The best-selling merchandise, all retailers agree, is the moderately priced product: rolled vinyl priced between $6 and $12 per yard, and tile at about 90¢ for a 12-in. square.

Margins vary but average 35%, although this is one category of merchandise where consumers are extremely price conscious, retailers noted. In fact, Tim Stein, director of purchasing and merchandising for the 35-unit Wolohan's, said his flooring sells primarily on promotion and he's not sure it will sell at normal retail prices.

But the company isn't worried, he noted. "We're trying to sell the project concept. We're getting a [customer] flow from floor coverings into other products where there are normal margins."

Wolohan's sold more than $600,000 of resilient flooring last year and projects it will sell about $750,000 this year, primarily in sheet vinyl, all through aggressive advertising.

Wolohan's has stepped up its ad budget for home decor products this year and has included flooring in these promotions, he said.



The growing emphasis on resilient flooring reflects a trend fueled by increased product variety, styles, colors and quality grades. Pictured is the flooring department at Scotty's, St. Petersberg, Fla.

NHCN photo

Many companies are aggressively working to gain a larger share of the resilient flooring market.

Scotty's is "kicking around ideas to show more product better and in less space," commented Chambliss. Already, several of its stores are being remodeled with larger floor covering departments that also include larger automatic flooring racks for sheet vinyl. The company also is considering new displays for its resilient tiles and is looking to increase stock keeping units above the several hundred now maintained.

The flooring department at Somverville Lumber's forthcoming units in Pelham, N.H., and Seekonk, Mass.—its fourth and fifth stores—will expand the current 1,800-sq.-ft. department to 3,600-sq.-ft., like its prototypical Bridgewater unit, to include more in-store inventory, said Arthur Rutstein, buyer.

Flooring sales are 38% ahead of last year and average $200,000 per month at Somerville. "We're pushing for DIY," he noted.

Somerville Lumber carries between 45 and 50 rolls of sheet vinyl and replaces four to five of the rolls daily due to high turns. In fact, Rutstein said his entire inventory, including the 250 to 300 sku's of tile, turn 8 to 10 times a year.

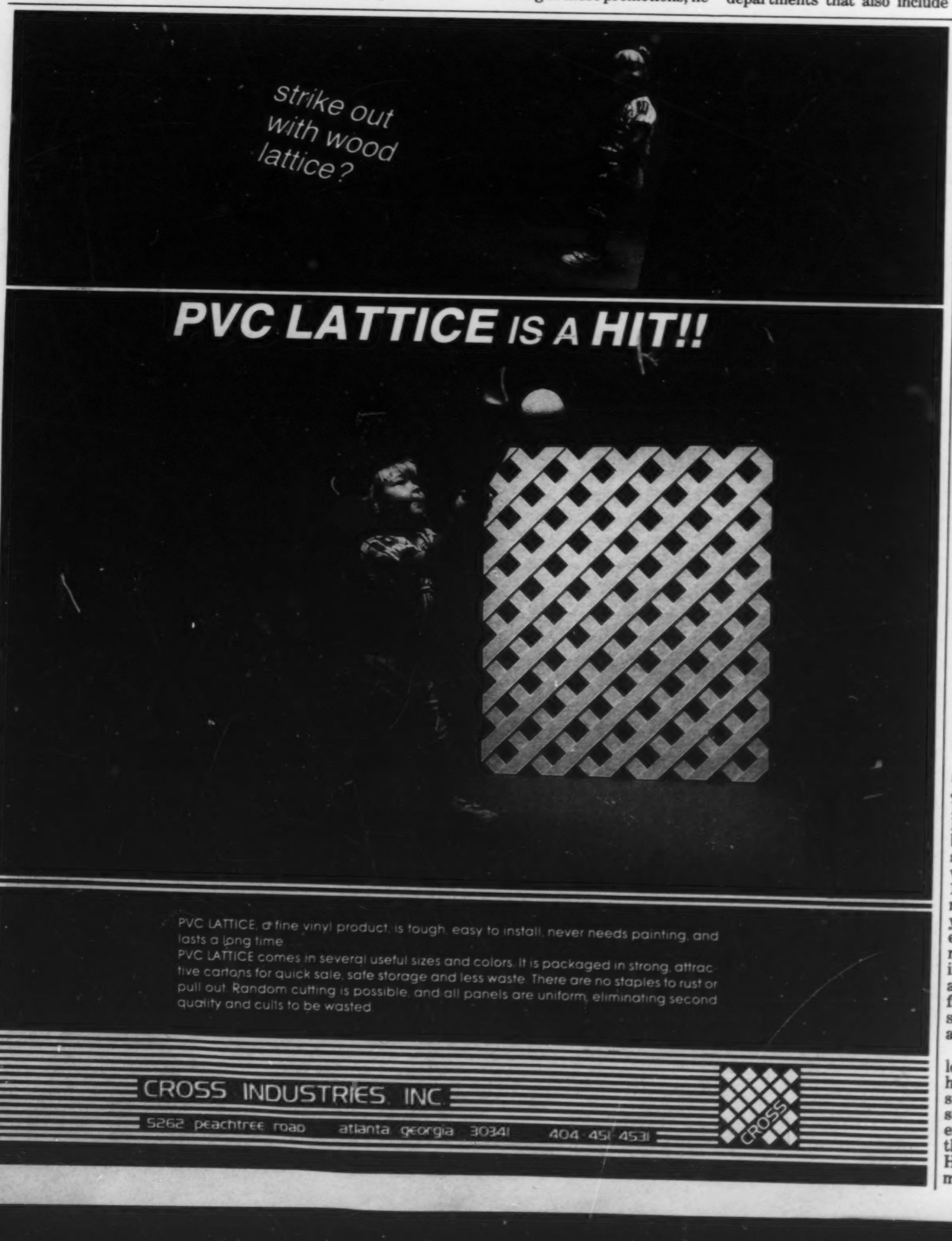
Change of a smaller kind is under way at Builders Supply Co. of Hopewell. Already ahead 14% over last year the single-unit retailer is projecting it will produce sales of between $400,000 and $500,000 from the 1,200-sq.-ft. department, up from last year's $350,000, representing 5% of the company's $8 million sales total in 1984, said Brian Robertson, buyer. Sheet vinyl amounted to 80% of its retail flooring sales.

The Hopewell, Va., company is so confident in the growing flooring market that it is opening a second store early next year in the Richmond, Va., area that will include a 2,000 sq.-ft flooring department.

"We feel the cash and carry market is strong there. We're broadening selection across the board but heavier in the middle price ranges," declared Robertson.

Department size and product selection is also important to Jim Price, co-manager of Ed Price Building Material Co. in Baton Rouge, La., with his brother Ronnie. The $15 million sales total it recorded in 1984 was from its single retail unit, a 1,000 sq.-ft. showroom with a nine-acre yard that either next year or in 1987 will be expanded, plus its wholesale and commercial divisions. The upcoming store expansion will include a larger flooring department to facilitate more than just the small selection of rolled vinyl and tile it has now, he said.

Price said instead of just the lower-end sheet vinyl and tile, he will carry three grades of resilient flooring and offer installed services for the customers who want it. "Remodeling is the thing to go after," he said. His customers are asking for more product.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Wood producers fail to prosper during recovery

(Continued from page 16)

had been contemplating the construction of a $30 million, high-speed, small-log sawmill plant in Lewiston, according to H. R. Hutchins, a company spokesman. "But that has been shelved until we see a better outlook for lumber," he said.

Hutchins said one reason the Lewiston sawmill was closed derived in part from its aging equipment and its inability to compete with more modern sawmills at other companies.

But he noted that other competitors, including Boise-Cascade, Georgia Pacific and even industry leader, Weyerhaeuser, have all been forced to close plants and streamline operations. Until the industry's excessive oversupply problem is resolved, shutting down plants is going to be a regular and common tactic, he added. "The only way to bring some balance between demand and supply is to shut down capacity," Hutchins said.

Hutchins said lumber growers are operating in an environment unlike any they've encountered in the recent past.

"This is a very strange business cycle for lumber producers," he said. "Normally, this would be an upcycle for us. Housing starts are good, mortgage rates are relatively down and we have a strong economy in general. But very few lumber growers are in a position to call this an upcycle."

As have many American lumbermen, Hutchins put the Canadians in black hats for causing most of the industry's problems, citing their ability to use government programs that allow them to sell timber at below-breakeven prices. But, he added, some Americans can also be blamed for the oversupply problem.

"We know that there are several examples out there of integrated companies, those in paper and lumber, running their mills at a loss just to make up on the more profitable pulp and paper products," he said. "There are some companies that just believe they need chips."

Hutchins' complaint is supported by Paine Webber which found that with stumpage much more valuable for its pulpwood supply than it was in 1979, some producers are using lumber as a byproduct of the wood residual process rather than the other way around.

Luke Popovich, for the American Forest Institute, a research arm of the National Forest Products Association, said what's happening to Potlatch is symptomatic of a very depressed industry. He said even Champion International has closed six plants within the past few months in the west.

He said the problem with the oversupply in the market will remain as long as the Canadians are able to sell lumber at prices far less than American stumpage prices.

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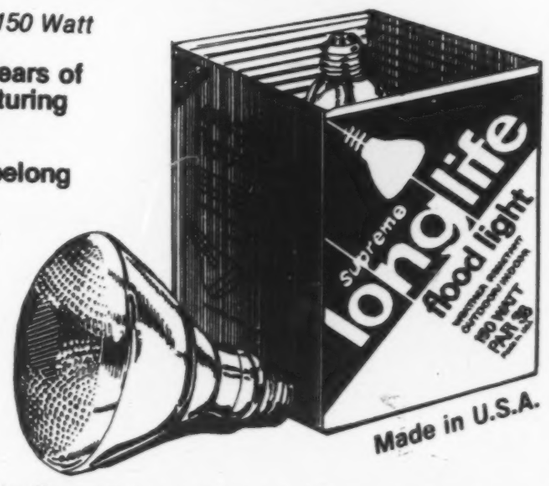

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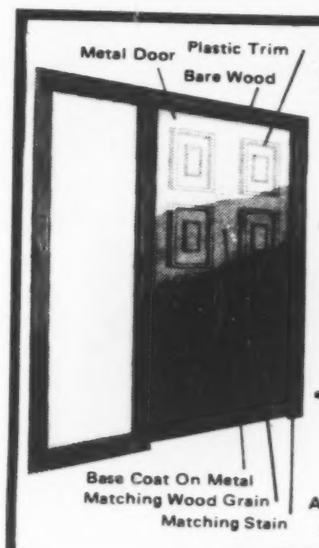

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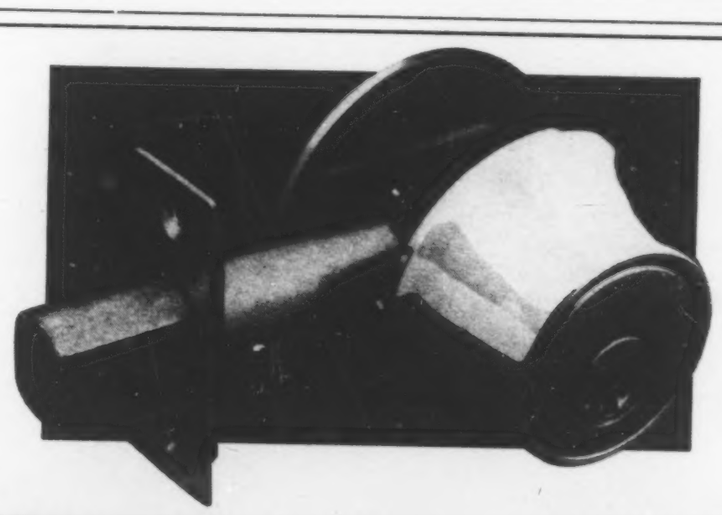

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Color Tile restructures management; eliminates district operations level

By Phillip M. Perry
NHCN senior editor

FORT WORTH — Color Tile, operator of 820 specialty stores in the United States and Canada, eliminated a level of its management structure last month, in a move designed to facilitate more rapid communications with its stores as well as to cut annual expenses by an estimated $750,000 to $1.5 million in salary, bonuses, and travel.

The company reassigned its 47 district managers, promoting 20 to new positions as regional managers. The others were assigned positions as store managers. The company formerly had eight regions, but expanded this number to 27. Of the original eight regional managers, all but one remained in that position.

"We outgrew the district management level," said John C. Rhineberger, president, of Color Tile. "It was a matter of having too many people to deal with, and we were losing communications with the field.

"When there was only a handful of us, we could get together easily and reach a consenses," he added, speaking of the early days of Color Tile. "But have you ever sat in a room with 10 or more people and tried to reach a consensus? You know what the problems are."

(Continued on page 82)

Chicago eyes Gee labor talks as possible market precedent

By John Caulfield
NHCN senior editor

CHICAGO — Lumber dealers here early this month were focusing their attention on contract talks between the 13-unit Gee Lumber and Teamster Local 786 which represents 12 employees in Gee's central distribution center.

Warehouse invasion forcing chains to take cost-cutting measures

The importance of these negotiations has been amplified by the need among dealers to better control their administrative costs to compete against the flood of warehouse home centers that have invaded Chicago over the past year with the advantage of being able to hire nonunion workers.

The discussions between Gee and the union have taken on added significance following contracts agreed to this summer by Georgia-Pacific and Edward Hines Lumber—the market's largest lumber distributor and retailer, respectively—that some dealers here feel were not tough enough to offset the competitive pressures exerted by the warehouses.

It is assumed by dealers here that the union will use early contract agreements as precedents in their negotiations with other Chicago companies over the course of the next few months.

"There is no question that people here are looking at us as the hardball player with the union," said Jim Gee Jr., the chain's president, who has been negotiating with the Teamsters since the last three-year contract expired on May 31. As of Sept. 4, Gee said he and the union were "light years away" from a settlement, although his employees were expected to vote on the company's contract proposal the following week.

That proposal is calling for a reduction in the present wage scale for newly hired employees by one-third, which Gee contends would still pay workers "more than the prevailing wage for drivers working in the warehouses."

Industry observers said that the average hourly wage for

(Continued on page 81)

NEWSBREAKS

DIXIELINE ON THE BLOCK. Officials from corporate parent Weyerhaeuser Co. and Nortek, a Providence, R.I., manufacturing firm, have confirmed that talks have occurred over the prospective sale of the five-unit San Diego chain.

BOISE NEGOTIATING. Boise Cascade officials are evaluating an offer for the purchase of seven of its southern California stores along with a lumberyard and distribution center.

INSIDE:

Pittsburgh indy reaps rewards of new strategy —Page 2
Chains try to crack consumer habits in Columbus —Page 3
Repair spending tops $83B in 1Q —Page 3
Southern pine being marketed as steel and cement substitute —Page 29

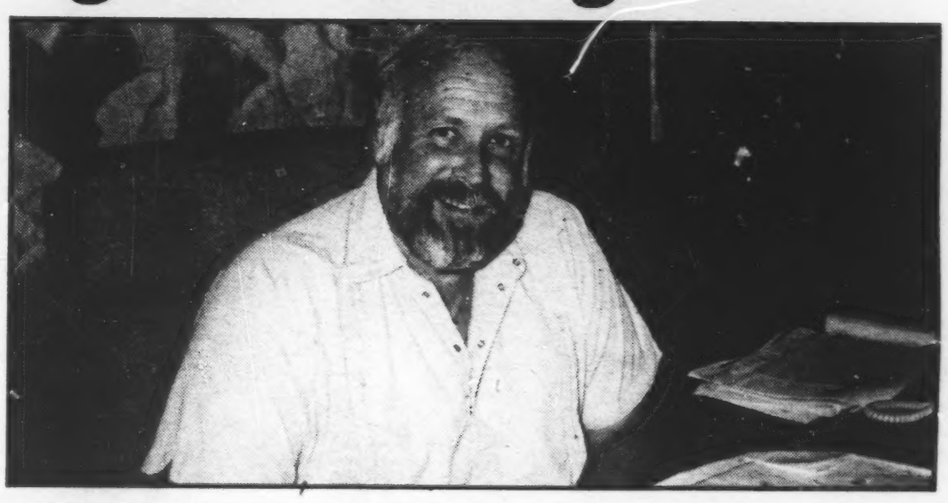
Florida indy opens largest store; plans offering for future growth

MELBOURNE, Fla. — Babcock Building Supply, a $28 million home center chain, opened the largest store in its history on Aug. 31, in Indian Harbour Beach on Florida's east coast. The company said the new store was the first step in a larger five-year effort to expand from seven stores to a total of 13.

Late last month the company broke ground for its eighth unit, slated for a January opening, in Palm Bay, Fla.

"In three or four years, we are planning to make a public offering that will allow us to expand further," said S. Wayne

(Continued on page 81)



S. Wayne Mann, president of Babcock Building Supply, plans to expand his seven-unit home center chain to 13 units over the next five years. The company's largest store opened Aug. 31 in Indian Harbour Beach, Fla.

Courtesy of Babcock Building Supply.

Forest City inks lease for new Cleveland unit

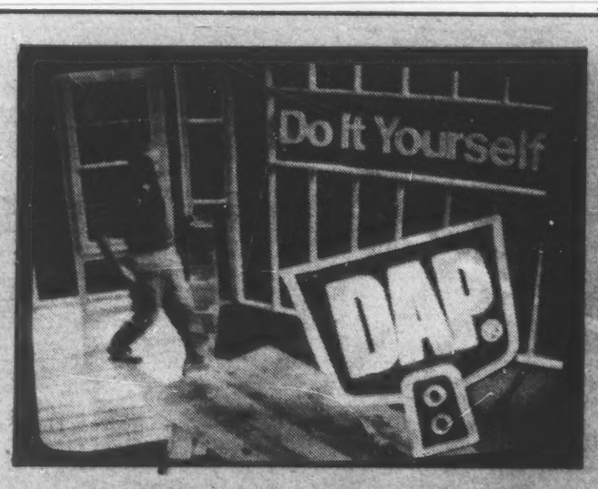
CLEVELAND — Forest City signed a lease last month for its first new Cleveland store in seven years, and its first new unit since selling off its Chicago stores to Service Merchandise earlier this year.

The new store is intended to complete Forest City's penetration of its hometown market. Its location in the Great Northern Shopping Center on the west side of the city reaches an upper income population not now served by the chain's seven other Cleveland stores.

Forest City sees the move partly as a signal to the industry that the chain is digging in its heels and protecting its turf in a more competitive environment.

"Everyone speculated that we were pulling in our horns when we sold those Chicago

(Continued on page 82)



DIY Moments open with a 10-second manufacturer identification and the introduction of a problem. The retailer's 30-second spot is then shown as the Moment's sponsor, followed by a 20-second conclusion.

DIY Moment: New retail advertising tool

By Linda Anderson
NHCN associate editor

MINNEAPOLIS — There have been great moments in American history commercials, great moments in NFL history commercials, but now, the moment that home centers have been waiting for—the DIY Moment.

The DIY Moment does not explore great moments in DIY history, but offers viewers manufacturer-produced DIY tips with a 30-second home center commercial sandwiches between the identification of a DIY problem and its solution.

A complete spot runs 60 seconds and is available on an exclusive basis to retailers for a $7,500 licensing fee that entitles them to unlimited use of the spot for six months, after which the spots are available on a first come, first serve basis. For the manufacturer sponsors, exclusivity of the product category is guaranteed for three years.

The first of the DIY Moments series is currently airing on WLS in Chicago under the sponsorship of Handy Andy. The first series features DAP, Dow-Corning and Weldwood products being used by Curt Bursick of "The Do It Yourself Show." The Moments were produced by that show's creator,

(Continued on page 82)

NHCNews Briefs

Industry Update

Homecrafters restructures team

BIRMINGHAM, Ala. — Homecrafters Warehouse completed the restructuring of its management team last month with the appointment of Jim O'Brien as regional manager of the combination stores, and Jack Kay as regional manager of the warehouse units in Denver and Salt Lake City. Both appointees previously held similar positions with other companies—the former with Wickes and the latter with Ole's. Homecrafters said the Steve Wiley, formerly ceo, no longer held a position at the company and that his former position of executive vp would remain vacant. (*NHCN*, July 15.)

Hechinger lands in N.J.

LANDOVER, Md. — Hechinger, a chain of 49 home centers, said that it would move into New Jersey for the first time with a store in the Philadelphia suburb of Deptford, N.J. Another store is also scheduled to open about the same time in the Baltimore market.

Hechinger also said it would open a third store in the Columbus, Ohio, market next spring. Its second store in that market is slated to open this fall.

The new store anouncements come at a time when Hechinger has experienced its best quarter in history.

Depot breaks ground in Detroit

ATLANTA — The Home Depot late last month broke ground for its first Detroit store, located at the intersection of I-75 and Eureka Road. It is expected to open by next spring.

A minimum of four Home Depots should be open in the market by the end of 1986. The next site is at Gratiot and Masonic.

A total of six to seven units are planned for Detroit, all probably in excess of 100,000 sq. ft., which would make them among the chain's largest.

Scotty's plots 12 hdwe stores

WINTER HAVEN, Fla. — Scotty's plans to have 12 Scotty's Hardware Stores in operation by June 1986—indicating the new smaller store concept unveiled last year has apparently passed the testing phase. New Scotty's Hardware Stores are in the process of renovation and installation in St. Petersburg, Fort Myers, Naples, Belle Glade and Winter Park, Fla.

In addition, new 40,000-plus-sq.-ft. "store of the future" format Scotty's are under construction in Boynton Beach, Tarpon Springs, Okeechobee and Homestead, Fla. Retrofits of existing Scotty's stores are under construction in East Lakeland, Margate, North Lakeland and Orlando Beach, and a replacement Scotty's store is being built in Lake City, Fla., according to Ray H. Cooney, vice chairman.

Easco sells tool division

BALTIMORE — Easco Corp.'s troubled hand tool division, which last year lost $12.7 million, is to be sold to a group of investors in a leveraged buyout for cash and assumption of its debt estimated to total $110 million.

The hand tool segment, which industry sources claim has been impacted severely by the influx of import tools on the U.S. market, is the main supplier of "Craftsman" hand tools for Sears. Its sales last year of $196 million accounted for 34% of the corporation's volume.

Easco signed a letter of intent to sell the business segment last month with a group of investors led by Peter W. Smith & Co., a Chicago investment firm. This group could include some of the division's management, although that will not be determined until the deal is completed sometime this month.

Show draws record crowds

CHICAGO — A record-breaking 77,685 people attended the 1985 National Hardware Show in Chicago last month surpassing the 1984 attendance level by 4,685 people, according to the American Hardware Manufacturers Assn.

William P. Farrell, AHMA's executive director, noted that "The positive show atmosphere could be attributed in large part to a generally optimistic feeling concerning prospects for headlines sales for the remainder of the second half of 1985." He added that this year's sales pace has made "1986 appear to be increasingly bright."

And despite space limitations at McCormick Place, 1,011 more exhibitors were squeezed in for a total of 3,011.

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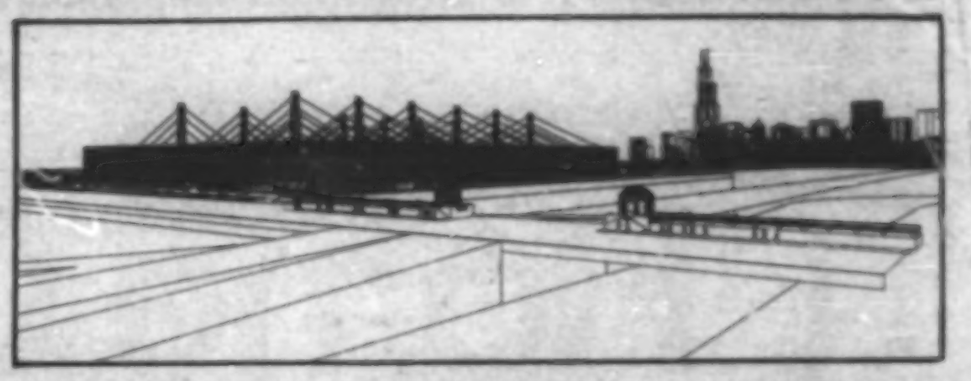
Vol. 11, No. 20 September 23, 1985

Chicago lawmakers to convene Oct. 2 to vote on extra McCormick Place funds

CHICAGO — The city's Metropolitan Fair and Exposition Authority, operators of McCormick Place, are asking the Illinois Legislature to appropriate an additional $54 million to finish the 533,000-sq.-ft. expansion project slated to open next May 15.

In response, the state legislature will convene for a special session on Oct. 2, at a cost of $400,000 per day, to specifically answer the request, but not without some heads rolling.

"It's not a question of whether they'll get the money but what will be asked for in exchange," explained Shawn Collins, legislative aid to the state senate committee investigating the McCormick Place expansion request. He suggested that some exposition authority board members might be asked to resign in exchange for the additional funding.



A request for additional funds by Chicago's Metropolitan Fair and Exposition Authority to keep the expansion at McCormick Place going may cause some heads to roll.

The 1986 schedule of trade shows, beginning with the June 1 opening of the Consumer Electronics Show, followed in August by the National Hard-

(Continued on page 82)

Pittsburgh indy reaping rewards of new retail strategy; predicted market change

By Donald Longo
NHCN managing editor

PITTSBURGH — The seeds of a new retail marketing strategy planted two years ago are beginning to bear fruit for a three-unit independent in this suddenly tempestuous home improvement market.

"Sales, margins and profits are up substantially" at Stanford Home Center's three units in and around the Pittsburgh area, according to marketing vp Joe Bartolomeo. Company sales may go up as much as 29% over last year if volume hits the projected $8.5 million to $9 million target for 1985.

Pittsburgh is home base for 11-store Busy Beaver Centers. Carter Lumber, the 130-store midwestern chain, operates seven stores in the market, which also has an 84 Lumber and several independents. Hechinger, the 47-store, Landover, Md.,-based chain, last month announced sites for its first two warehouse-style stores.

Yet, Stanford is confident it will be able to weather the competitive storm effectively and profitably. The independent's new marketing plan, cultivated by company principals Stanley and Robert Piekarski, is rooted in strengthening the stores' service, selection and price image.

"We basically come from a lumberyard background," said Bartolomeo, "but are now in more of a retailing vein." The firm does 85% of its business with DIY consumers.

The evolution of Stanford's new emphasis on retailing will most likely be manifested in the planned remodeling of the company's 30,000-sq.-ft. store in Monroeville.

Although construction plans have not been finalized, Bartolomeo noted that Stanford's

(Continued on page 82)

Ex-Build & Grow pres. opens new chain

RANCHO PENASKUITOS, Calif. — Dick Hallett, former president of the $10 million Build & Grow chain of home centers, broke ground here late last month for the first in a projected chain of new stores to be called Hardware & Nursery Co.

"The stores will have the full spectrum of hardware, lumber and building products," said Hallett, who left Build & Grow earlier this year in a dispute with the other owners over the future directions of the chain of two stores.

Hallett said he planned to build an average of one new Hardware & Nursery outlet every year, although he did not offer an estimate of how large the chain might grow to be. While he did not say what volume he expected to achieve with his new enterprise, he agreed that each store's sales would be somewhat the same as the older Build & Grow units, which have been reported to do about $5 million annually.

Hallett, who expects his first Hardware & Nursery to open in May, said that his new enterprise would have "a different look, and represent a scaled down version" of the Build & Grow stores. While the new stores will have all of the departments represented in the older chain of stores, they will also have full decorative products centers, staffed with a full-time professional decorator who can help do-it-yourselfers select their merchandise, according to Hallett. Additionally, the stores will have a rental tool area, for the use of consumers and small contractors. The

(Continued on page 82)

Highlights in this issue

SYSTEMS & OPERATIONS

- Dealers hinge expansion, growth on training —Page 38
- Many home centers hold back to school days year round —Page 38
- Training programs combat shrinkage dilemma —Pages 48-49
- Butz viewing training as integral to success in competitive triangle —Page 57

MERCHANDISING

- Fashion changes pose sticky problem for wall covering departments —Page 19
- Why consumers don't buy wallpaper —Page 23
- 27% rise in L&G spending forecasted —Page 24

ADVERTISING & MARKETING

- Laying foundation for U.S. lumber —Page 29
- Wisconsin flasher: Electronic billboard shows bargain prices —Page 29
- Grossman's takes customers back to Old Fashion Days —Page 31
- Market services help target competitor's customers —Page 32

INDEX

Ad Angles	48-49
Classified	75-80
Editorial	6
Financial News	5-6
Home Center Trivia	12
Housing Watch	10
Lumber Report	16
New Products	73
People	12
Washington View	8

HDWE SHOW WRAPUP

- Hitches in bar coding, scanning deter installation —Page 64
- Survey finds 60% of inventory records inaccurate —Page 66
- Lawyers critical of efforts to curb importation of counterfeit products —Page 67
- Experts prescribe legal checkup —Page 69

Retailers 'lucky' after Elena's coastal sweep

By Linda Anderson
NHCN associate editor

PASCAGOULA, Miss. — Two days after Hurricane Elena swept across the Gulf Coast, home center retailers counted themselves among the lucky, having sustained relatively minor damage in most cities along the storm's path.

Hardest hit was City Lumber and Supply headquartered in Pascagoula. The company's Ocean Springs store sustained "substantial" damage according to a spokesman. Its Pascagoula store received little damage and was open on Wednesday for business even though there was no electricity in the city.

In Fort Walton Beach, both Lowe's and Homecrafter's buildings sustained minor damage. Jim O'Brien of Homecrafter's pointed out that the store was not really damaged, but the 40-ft. x 100-ft. warehouse was picked up by the storm and turned over on its side. He expected the warehouse to be set upright on Wednesday and open for business on Thursday.

At Lowes' Fort Walton Beach store damage was slight, said Dwight Pardue, vice president of operations. In its Gulfport store, Pardue said the main damage was that the front window was blown out of the store. He estimated damages for the two stores to be about $10,000 to $15,000, although he qualified that estimate by saying that engineers had not yet surveyed the scene.

In Bogalusa, La., one of the hardest hit areas, a spokesman for Bogalusa Lumber said the store sustained only slight damage to the roof, and was one of the few locations in the city with electricity on Wednesday.

In Pensacola, both Handy City and Building Supply Center reported that they had sustained little damage and both were open for business on Wednesday.

Stores that were opened reported a brisk demand for flashlights, lumber, roofing materials and generators. Many of the chain stores had anticipated the

(Continued on page 82)

Royal Morse III, vp at Independent Dealers Lumber, feels ingrained consumer shopping habits make Columbus, Ohio, a difficult market for newcomers to crack. NHCN photo

Hardware store shopping habits challenging home centers' Columbus entry

By Phillip M. Perry
NHCN senior editor

COLUMBUS, Ohio — While consumers in this city have demonstrated a loyalty to discount and hardware stores, they are willing to take a new look at home centers that have recently begun entering their shopping area.

A new survey of Columbus consumers, conducted on behalf of *National Home Center News* by Leo J. Shapiro, Chicago, showed that do-it-yourselfers in this Ohio capital city are much more likely than consumers in six other markets to shop at discount stores for items such as paint, wallpaper, hand and power tools and lock sets.

Hardware stores were also the preferred source of a number of home improvement items by more consumers in Columbus than in the five surveyed markets of Chicago, Long Island, Houston, Phoenix and San Bernardino, Calif. Only

(Continued on page 80)

R, R & M spending leaps 31% in 1st quarter

Expenditures for maintenance and repairs and construction improvements at a seasonally adjusted annual rate for residential properties (in millions of dollars)

Year & quarter	Total expenditures	Maintenance & repairs	Construction improvements: Total	Construction improvements: Additions & alterations	Construction improvements: Major replacements
1985 p1st.	$83.1	$36.8	$46.3	$28.5	$17.8
1984/4th.	67.8	27.4	40.4	29.0	11.4
1984/1st.	63.4	24.8	38.6	27.1	11.4

p-preliminary
Source: U.S. Dept. of Commerce, Bureau of the Census

The NAHB's Remodelers Council estimates that 25% of the $83.1 billion Americans spent to repair or remodel their homes was spent on DIY projects.

APPROXIMATELY 25% SPENT ON DIY PROJECTS

Repair spending tops $83B in 1Q

By Laura Liebeck
NHCN field editor

NATIONAL REPORT — Homeowners spent a whopping $83.1 billion, seasonally adjusted, to improve or maintain their homes during the first quarter of this year, for a 23% increase over fourth quarter 1984 and a 31% leap ahead of the corresponding period one year ago, according to latest figures from the Commerce Department.

The National Assn. of Home Builders' Remodelers Council estimates that approximately 25%, or $21 billion of that total, seasonally adjusted, was spent by homeowners for DIY projects.

"The results of this survey are right on target," commented Larry Bussey, chairman of the National Remodelers Council. "Business is so good that we're booking jobs months in advance."

Last year, Americans spent $63.2 billion on residential alterations and repairs.

The recently reported total sets a record-breaking pace for 1985. It is composed of $36.8 billion for maintenance and repairs and $46.3 billion for construction improvements, of which $28.5 billion is attributed to additions and alterations and $17.8 billion is identified as major replacements.

Only the additions and alterations category was below its corresponding fourth quarter 1984 total of $29 billion. The other categories were up substantially from fourth quarter of last year, including the increase from $67.8 billion to $83.1 billion set for total expenditures. The following increases were also charted: $27.4 billion to $36.8 billion in maintenance and repairs; $40.4 billion to $46.3 billion for total construction improvements; and $11.4 billion to $17.8 billion for major replacements.

These figures are preliminary numbers, the Commerce Department noted. The final report is scheduled for release later this month.

Actual total expenditures for this period amounted to $15.6 billion. Of this, $7.1 billion was for maintenance and repairs and $8.5 billion was for construction improvements with $5.3 billion identified as additions and alterations and $3.1 billion was for major replacements.

New survey techniques employed by the Commerce Department for this first quarter of 1985 have officials at the Remodelers Council examining the results.

Shoppers spend 2-3 hours per visit in new home store

By Milford Prewitt
NHCN associate editor

PLYMOUTH MEETING, Pa. — There are new stores, good stores, and now there is IKEA, a combination of both.

The Swedish-based home furnishings chain, with 70 units in 18 countries, has opened its first outlet in the United States here in a sprawling 165,000-sq.-ft. facility that is raising retail eyebrows as the four-month-old store attracts some 40,000 customers a week.

While it is essentially a high-quality furniture store with an emphasis on affordability, IKEA (pronounced eye-key-a) offers numerous home improvement product categories whose merchandising and prices may also give home center operators a few moments' pause.

Due to a large part to a few untraditional retail features, IKEA has found that the average shopper spends two to three hours per trip in the store. Here are a few reasons why:

- IKEA features an upscale showroom attached to a high-density, self-serve warehouse where shoppers can pull knock-down merchandise in easy-to-manage flat packs;
- It replaces high-pressure salesmen with information booths and descriptive price tags;
- The building provides a child's playroom where youngsters can literally float amid thousands of brightly colored, apple-sized balls while Mom and Dad shop and;
- The store offers a large cafeteria featuring both Swedish and American cuisine, including a shrimp salad for $1.80.

With sales of more than $1 billion, the 42-year-old company's splash in this suburban market, about 15 miles west of Philadelphia, caused quite a stir with its massive advertising barrage through newspapers, over the air waves and on billboards. This effort was augmented by the mass mailing of more than 1.3 million IKEA catalogues, reaching some six million people in the Delaware Valley area.

While the Plymouth Meeting store was initially projected to post first full year sales of approximately $25 million, current volume suggests IKEA's first United States outlet may generate closer to $30 million, beamed Rick Wilson, the store's operations manager.

According to Phran Novelli, a spokesman for IKEA, so many shoppers attempted to visit the store during its grand opening weekend in June that police were forced to close the parking lot to the mall and re-route traffic. She said an estimated 130,000 persons visited the store on one day alone.

For home centers in the vicinity, which includes Hechinger, Channel and several independents, IKEA promises a run for their money in several product categories. While IKEA's 14,000 stock keeping units are principally comprised of knock-down furniture, the firm sells hardwood flooring and tiles, wallpaper, lighting fixtures, bathroom sinks and accessories and big-ticket items like kitchen cabinets at prices comparable to or lower than home centers.

With a distinct European flavor that accents the lean, modular, high-tech architectural designs of Scandinavia, IKEA's unit here is spacious, well-illuminated and painted in bright, primary colors. Signage throughout the store features European lettering and spelling, in which, for example, the

(Continued on page 58)

IKEA at a glance

Headquarters: Almhult, Sweden

Annual sales: $1 billion (U.S.)
Number of stores: 70, including eight in Canada and one in the U.S.

Current U.S. Location: 15 miles Northeast of Philadelphia at Plymouth Meeting Mall, off Interstate 276 between US Rt. 422 and Rt. 9

Number sku's: 14,000
Future plans: New store expected to open in suburban Washington, D.C. in spring of 1986.

Retail contact: Phran Novelli. Phone 215-834-8150

A view of IKEA's yellow and blue building in Plymouth Meeting Mall from parking lot: The flags represent a few of the nations where IKEA has operations. NHCN photo

FINANCIAL NEWS

21 Gainers

6 Unchanged

29 Losers

Losers continued to exceed gainers for the fourth consecutive reporting period among the 56 industry stocks monitored for *National Home Center News*.

For the period ended Sept. 6, 29 stocks were off, 21 were up and six remained unchanged.

Gainers were led by Evans products, which continues in Chapter 11 reorganization. The Home Depot bounced slightly from the three-year low it reached on Aug. 16 after its second straight quarter of earnings decline and a drop in comp store sales (*NHCN*, Sept. 9).

INTERCO led in volume traded, on a percentage change basis, amid rumors of a leveraged buyout.

Among the heavier retail price losers this reporting period were Lowe's, off 5% and Color Tile, which is restructuring management, off 4.6% (see story on page one).

Other retail stocks that dropped include Michigan General, K mart, Pay 'N Pak, Hechinger A and B, Payless Cashways, W. R. Grace and Sears.

Home Center stocks continued to underperform the Standard & Poor's 500 Index. In fact, this past reporting period marked the fifty-second consecutive week that home center stocks trailed Standard & Poor's.

The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	2-Week Trend Change %	2-Week Price Change %
INTERCO Inc N	13,024	251.7	- .2
Lewis Palmer M	561	212.5	- 5.0
Insilco Corp N	4,823	209.1	- 6.6
Pay N Pak N	2,679	155.2	- 2.9
Potlatch Cp N	1,356	151.4	6.2

Company & Market	Total 2-Week Volume (100)	2-Week Trend Change %	2-Week Price Change %
Scotty's Inc N	1,698	137.0	.0
Am Standard N	6,199	132.4	- 3.4
Wausau Ind M	1,013	124.8	8.9
Hechinger B M	1,393	114.6	- 2.9
K mart Cp N	39,010	113.7	- 4.1

TOP GAINERS

Company & Market	2-Weeks Ended 9-6-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Std Brd Prt N	20.88	7.7	2,005
Insilco Corp N	17.63	6.6	4,823
Certain-teed N	24.25	6.3	1,265
Manville Cp N	5.88	6.0	2,775
Lewis Palmer M	7.13	6.0	561

TOP LOSERS

Company & Market	2-Weeks Ended 9-6-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Evans Prod N	2.00	14.3	321
SW Forest Ind N	13.25	8.2	2,638
Wausau Ind M	13.75	8.9	1,013
Potlatch Cp N	34.50	8.2	1,356
Pope & Talbot N	18.75	4.9	187

Home Center News HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 9-06-85 $	2-Weeks Change: Amt. $	2-Weeks Change: Pct. %	2-Week Range: High $	2-Week Range: Low $	52-Week Range: High $	52-Week Range: Low $	Volume: 2-Weeks Shares Traded: Total (100)	2-Weeks Shares Traded: % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate: Amt. $	Indicated Divd. Rate: Yld. %	Latest Report: New Report -	Latest Report: Period -	Latest Report: Date Ended -	Latest Quarter: Revenue: Amt. $Mil	Latest Quarter: Revenue: Chg. %	Latest Quarter: Net Income: Amt. $Mil	Latest Quarter: Net Income: Chg. %	Latest Quarter: E.P.S.: Amt. $	Latest Quarter: E.P.S.: Chg. %	Year-to-Date: Revenue: Amt. $Mil	Year-to-Date: Revenue: Chg. %	Year-to-Date: Net Income: Amt. $Mil	Year-to-Date: Net Income: Chg. %	Year-to-Date: E.P.S.: Amt. $	Year-to-Date: E.P.S.: Chg. %
Retailers																													
Boise Cascade N	46.50	.25	.5	48.00	45.75	51.00	36.25	3,854	1.41	1.88	- 15.1	20.1	1.90	4.1	—	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	- 3.8
Color Tile M	18.13	- .88	- 4.6	18.75	17.88	20.00	15.25	2,382	2.54	2.74	- 7.3	12.5	.00	.0	—	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros N	32.00	- .25	- .8	32.50	31.50	36.25	31.00	432	.43	.86	- 50.0	13.0	1.80	5.0	—	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	382.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber M	23.50	.00	.0	25.50	23.50	26.50	18.00	0	.00	.13	-100.0	5.2	.00	.0	—	6 mos.	06-85	53.8	26.6	2.4	84.8	2.80	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod N	2.00	.25	14.3	2.00	1.75	6.00	1.75	321	.29	.21	9.5	NE	.00a	.0	—	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent A	23.50	.13	.5	23.50	23.25	24.88	17.00	27	.07	.09	- 22.2	28.3	.15	.6	NEW	6 mos.	07-85	53.5	- 28.6	3.4	36.0	.43	34.4	127.2	1.4	3.6	414.3	.45	392.1
Grace W R N	42.38	- .63	- 1.5	43.25	42.25	45.00	38.50	4,269	.88	.96	- 8.3	12.3	2.80	6.6	—	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	17.00	- .25	- 1.4	17.50	16.50	23.19	14.19	3,843	4.39	2.29	91.7	NA	.16	.9	—		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	16.50	- .50	- 2.9	17.50	16.50	24.19	14.58	1,393	1.03	.48	114.6	17.4	.08	.5	NEW	6 mos.	07-85	129.3	13.0	7.2	7.5	.30	3.4	243.9	20.8	11.0	8.9	.47	6.8
Hines Ed Lumber O	42.00	1.25	3.1	43.25	40.75	43.75	36.00	82	.35	.19	84.2	22.1	1.00	2.4	—	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	125.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse M	5.00	.00	.0	5.00	4.63	12.00	4.63	418	1.48	2.48	- 40.3	NE	.00	.0	NEW	6 mos.	07-85	51.8	19.4	(1.8)	- 100.0	(.84)	- 100.0	97.6	22.2	(3.3)	- 100.0	(1.18)	- 100.0
Home Depot N	12.00	.50	4.3	12.00	11.38	20.38	10.50	6,763	2.70	2.80	- 3.6	26.7	.00	.0	—	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc N	72.00	- .13	- .2	73.63	69.38	73.63	55.75	13,024	9.25	2.63	251.7	18.0	3.08	4.3	—	3 mos.	05-85	588.0	- 8.8	11.2	- 42.6	.71	- 39.3	588.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	31.88	- 1.38	- 4.1	33.75	31.38	41.50	31.38	39,010	3.12	1.46	113.7	9.6	1.40	4.4	—	6 mos.	07-85	5480.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos N	23.63	- 1.25	- 5.0	24.88	23.38	31.13	19.25	5,404	1.53	.95	57.9	14.1	.36	1.5	—	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	5.00	- .25	- 4.8	5.63	4.88	8.13	4.50	1,374	1.21	1.38	- 12.3	NE	.00	.0	—	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	297.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Mall Lumber M	7.00	.25	3.7	7.00	6.75	7.50	4.50	371	.86	.90	- 26.7	33.3	.00	.0	—	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	12.75	- .38	- 2.9	13.13	12.50	16.25	11.50	2,679	2.68	1.05	155.2	13.0	.64	5.0	—	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	16.00	- .38	- 2.3	16.50	15.25	23.38	14.00	5,140	1.48	1.47	.7	14.2	.16	1.0	—	6 mos.	05-85	325.7	20.5	13.0	6.6	.39	5.4	630.8	23.8	14.8	- 1.4	.44	- 4.3
Scotty's Inc N	13.75	.00	.0	14.00	13.38	16.38	12.50	1,698	1.28	.54	137.0	10.7	.52	3.8	NEW	fiscal	06-85	120.4	5.6	5.5	- 6.8	.39	- 9.3	453.4	6.8	17.5	- 3.3	1.29	- 7.2
Sears, Roebuck N	34.88	- .38	- 1.1	35.00	34.00	39.13	29.75	38,237	1.06	.63	68.3	9.3	1.76	5.0	—	6 mos.	06-85	9887.1	1.3	265.5	- 25.4	.72	- 27.3	19830.0	3.2	498.8	- 14.2	1.32	- 17.0
Std Brd Prt N	20.88	- 1.75	- 7.7	22.75	19.75	23.88	17.75	2,005	1.80	1.28	40.6	11.1	.56	2.7	—	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	44.25	.75	1.7	45.25	43.13	48.38	36.50	2,539	1.42	.95	52.7	12.6	.48	1.1	NEW	6 mos.	07-85	1287.3	32.1	6.1	- 61.1	1.01	14.8	2502.7	34.5	17.9	- 10.1	1.97	48.1
Weldon Lumber M	6.63	.00	.0	6.63	6.50	7.25	4.38	598	1.02	.53	92.5	13.0	.16	2.4	—	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	88.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer M	7.13	- .38	- 5.0	7.50	6.88	9.75	6.88	561	1.50	.48	212.5	59.4	.28b	3.9	NEW	6 mos.	07-85	37.5	- 6.9	.2	- 60.0	.06	- 60.0	70.5	1.6	.2	- 75.0	.09	- 78.0
Manufacturers																													
Allegheny Int N	20.88	.00	.0	21.38	20.38	28.75	20.25	1,140	1.08	.78	38.5	NE	1.40	6.7	—	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	28.75	- 1.00	- 3.4	30.25	28.25	35.38	28.75	6,199	1.58	.88	132.4	9.6	1.60	5.6	—	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1867.3	9.4	57.6	4.7	1.67	- 4.5
Armstrong, Wrld N	34.63	.63	1.8	34.63	33.50	39.75	26.88	3,893	1.63	1.30	25.4	9.0	1.30	3.8	—	6 mos.	06-85	429.9	5.3	32.3	18.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker N	18.75	.13	.7	19.63	18.50	26.88	18.00	7,821	1.51	1.43	5.6	15.8	.64	3.4	—	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	38.7	- 48.2	.72	- 91.0
Certain-teed N	24.25	- 1.63	- 6.3	25.88	23.63	28.50	15.75	1,265	.84	.45	42.2	11.4	.70	2.9	—	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.8	24.7	- 5.0	1.25	- 3.8
Champ Int N	22.88	- .38	- 1.6	23.38	22.38	26.75	18.38	14,434	1.55	1.18	31.4	NE	.52	2.3	—	6 mos.	06-85	1588.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	14.63	- .38	- 2.5	15.00	14.50	22.19	11.25	73	.48	1.01	- 52.5	13.2	.16	1.1	—	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 88.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc N	22.50	- 1.25	- 3.7	23.75	22.00	37.88	29.63	150	.32	.82	- 61.0	9.9	1.40	4.3	—	6 mos.	06-85	127.9	1.4	6.4	.8	1.34	17.5	228.9	2.8	7.2	- 28.0	1.91	- 15.6
Enkart Corp N	28.50	- .50	- 1.7	29.13	27.75	33.13	26.25	2,817	1.02	.69	47.8	9.6	1.40b	4.9	—	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	868.4	- 6.1	38.4	- 9.2	1.42	- 17.9
Georgia-Pacific N	23.00	.25	1.1	23.13	22.50	27.38	20.00	8,588	.84	.93	- 9.7	22.1	.80	3.5	—	6 mos.	06-85	1784.0	7.4	67.0	- 20.2	.81	1.7	3374.0	6.8	116.0	- 14.1	1.84	7.2
Insilco Corp N	17.63	- 1.25	- 6.6	18.88	17.63	20.72	15.34	4,823	2.38	.77	209.1	9.7	1.00b	5.7	—	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	19.25	.00	.0	19.50	19.13	24.75	17.84	3,794	1.06	.68	55.9	18.7	.80b	4.2	—	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
Mallinckrodt N	14.50	- .50	- 3.3	15.25	14.50	21.81	14.50	103	.03	.15	- 80.0	26.9	.00a	.0	—	6 mos.	06-85	588.0	11.9	7.8	47.2	.05	NE	1136.8	20.1	10.4	NE	(.09)	NE
Manville Cp N	5.88	- .38	- 6.0	6.25	5.63	8.63	5.13	2,775	1.16	2.56	- 54.7	2.9	.00	.0	—	6 mos.	06-85	530.8	9.7	20.4	12.7	.59	20.4	954.0	7.8	32.6	5.8	.84	10.5
Masco Corp N	32.13	- 1.38	- 4.1	33.25	31.63	36.00	24.00	9,501	1.84	.87	88.5	22.9	.56	1.7	—	6 mos.	06-85	258.9	60.3	36.3	433.8	.93	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds M	18.00	.13	.7	18.00	17.88	20.25	14.63	65	.29	.52	- 50.0	6.8	.01	.1	—	6 mos.	06-85	53.6	3.7	1.7	.0	.00	1.5	108.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum N	50.00	1.25	2.6	51.88	48.38	51.88	34.00	3,992	2.56	1.50	70.7	6.8	2.28	4.6	—	6 mos.	06-85	443.8	- 1.3	35.5	21.2	2.28	21.3	808.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	16.63	.63	3.9	16.88	16.00	19.00	13.25	350	.41	.22	28.1	9.8	.50	3.0	—	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.93	10.0
Owens Corning N	34.50	- .25	- .7	35.00	33.63	37.00	28.88	4,491	1.51	1.87	41.1	8.7	1.40	4.1	—	6 mos.	07-85	782.9	3.3	20.2	- 18.5	.88	- 20.0	1497.9	.6	48.2	5.9	1.83	5.2
Ply-Gem A	15.13	- .75	- 4.7	15.63	15.00	16.50	12.50	194	.50	.97	- 48.5	14.4	.25	1.1	—	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.8	- 16.7	.52	- 34.6
Pope & Talbot N	18.75	.88	4.9	19.13	17.63	21.50	15.25	187	.31	.25	24.9	NE	.80	4.3	—	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	8.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp N	34.50	2.00	6.2	35.13	32.63	38.13	28.00	1,356	.88	.35	151.4	13.8	1.56	4.5	—	6 mos.	06-85	248.8	- 3.9	10.5	- 34.4	.81	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	37.25	- .38	- 1.0	37.88	36.88	48.00	25.50	2,524	1.11	.85	70.8	12.4	.92	2.5	—	6 mos.	06-85	604.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.8	34.2	11.8	1.49	12.5
SW Forest Ind N	13.25	1.13	9.3	14.63	12.00	18.50	11.75	2,638	2.84	1.64	73.2	NE	.00	.0	—	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	348.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works N	25.63	- .25	- .8	30.25	25.38	31.38	23.88	1,316	.47	.59	- 20.3	11.1	1.04	3.5	—	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	598.8	5.6	33.2	4.1	1.22	7.0
Tex Inds N	19.25	.38	2.0	19.25	18.50	19.25	13.97	461	.54	.52	3.8	10.7	.88b	3.5	—	6 mos.	06-85	78.9	9.3	3.8	8.5	.47	9.3	152.9	13.1	7.1	- 7.8	.94	- 7.7
Triangle Pac N	29.13	.13	.4	29.63	28.88	31.25	22.63	588	1.37	1.04	31.7	8.6	1.00	3.4	—	6 mos.	06-85	67.1	- 8.7	4.3	16.3	1.04	7.2	128.2	- 5.0	8.8	7.8	1.86	9.7
USG Corp N	38.25	- 1.25	- 3.2	38.50	37.38	44.50	28.38	3,875	1.17	.88	33.0	8.6	1.88	4.4	—	6 mos.	06-85	845.0	8.7	61.7	5.8	1.84	4.8	1223.9	14.9	104.2	6.5	3.12	5.4
Weiler, Jim N	35.63	.50	1.4	35.88	35.13	38.25	25.13	4,006	1.91	1.73	10.4	7.3	1.40	3.9	—	9 mos.	06-85	578.8	2.7	31.2	6.1	1.43	5.9	1884.4	- 1.7	73.3	15.8	3.36	15.9
Wausau Ind M	13.75	1.13	8.9	13.75	11.25	16.88	5.50	1,013	3.35	1.48	124.8	17.4	.88	.6	—	9 mos.	06-85	20.5	87.1	.5	66.7	.19	58.3	61.4	106.4	1.7	142.9	.68	144.4
Weyerhaeuser N	28.75	.50	1.8	29.00	28.00	34.00	25.88	8,976	.89	.69	15.9	23.8	1.20	4.5	—	6 mos.	06-85	1488.1	822.4	58.7	- 42.5	.41	- 43.8	2875.8	81.9	97.9	- 30.3	.85	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column

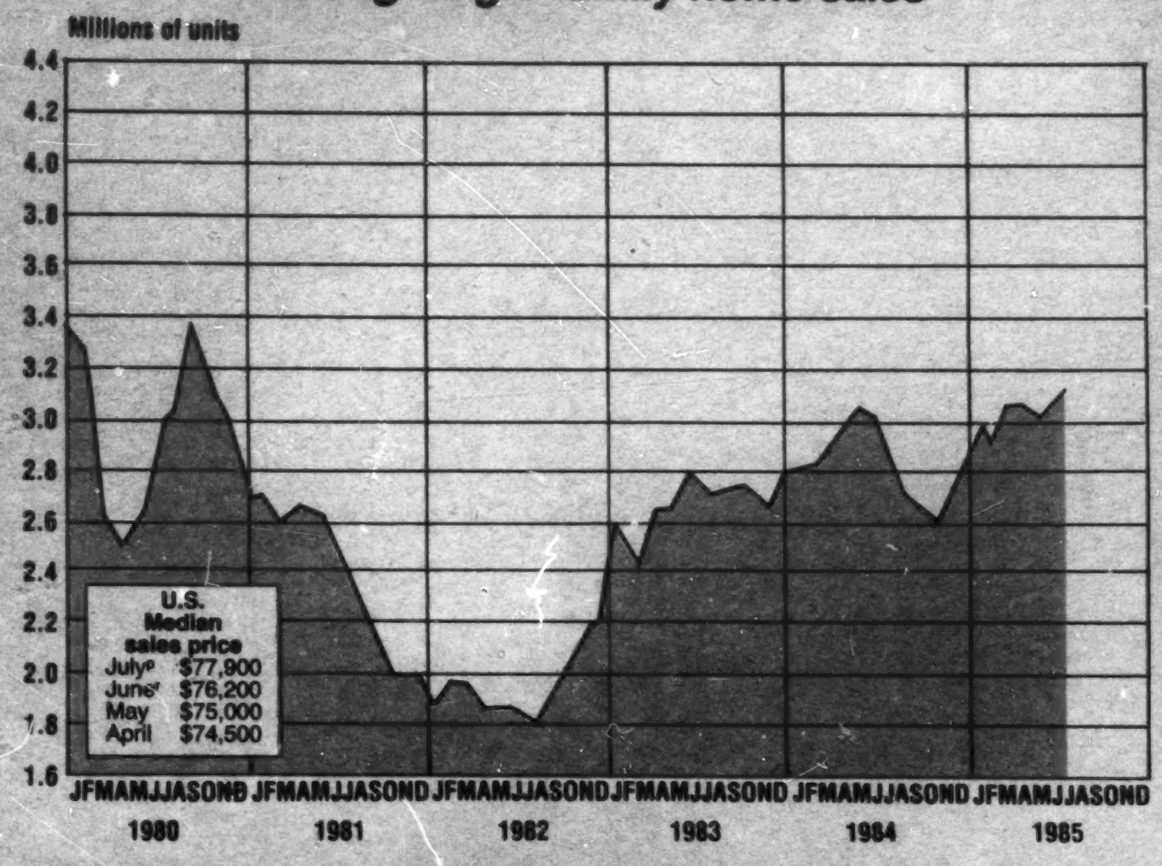
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

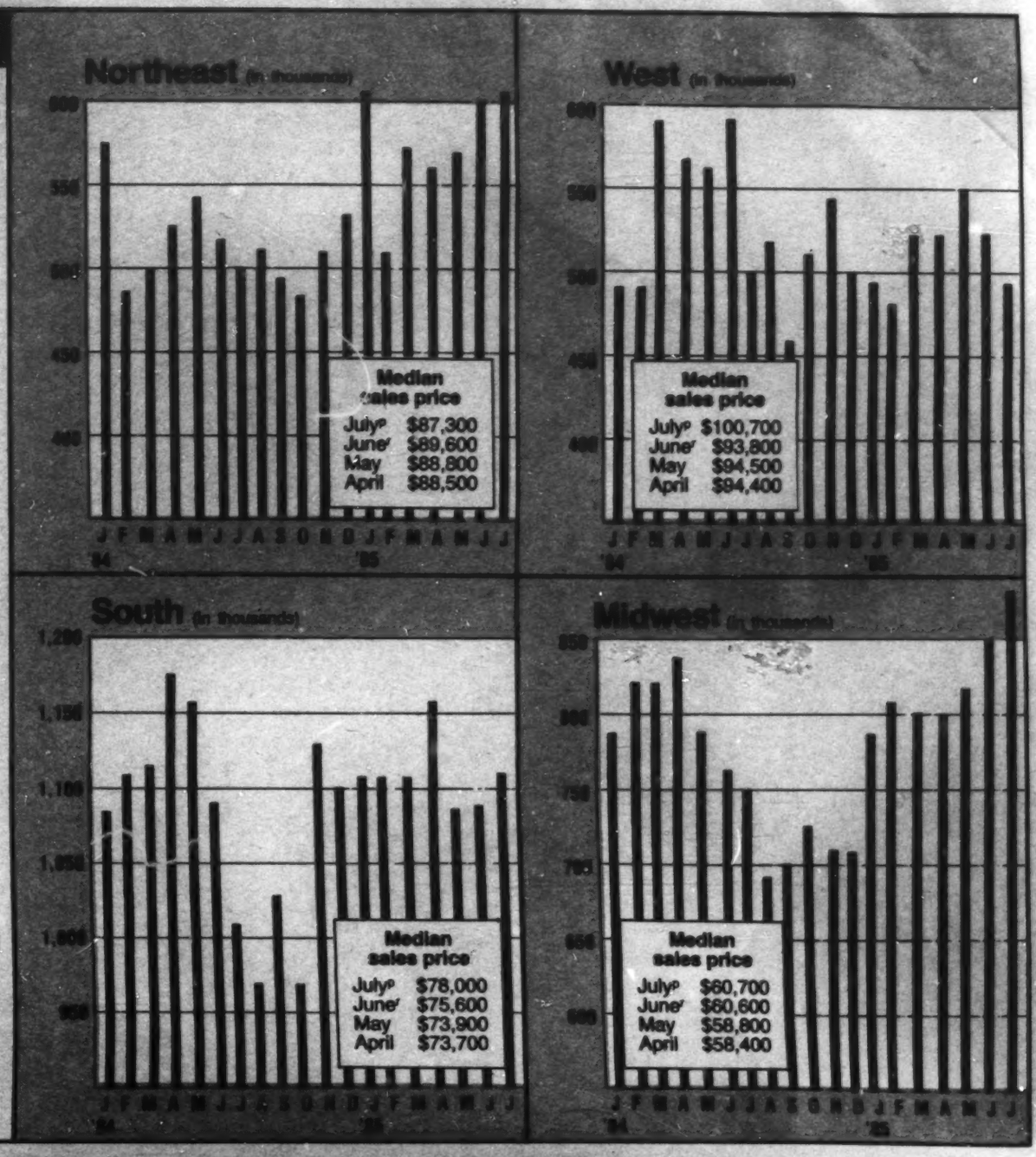
Existing single-family home sales

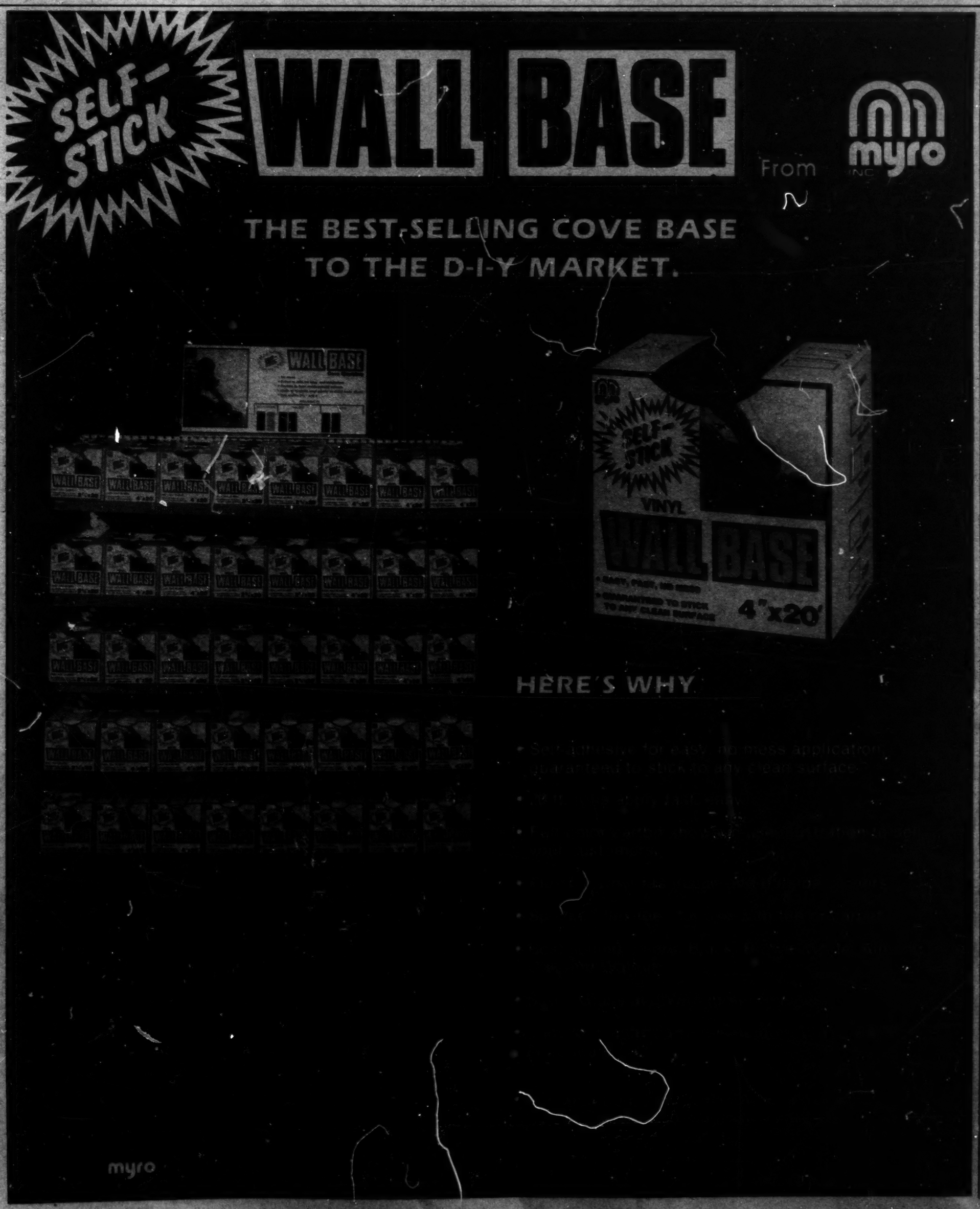


Home resales activity reached new heights in July when a seasonally adjusted annual rate of 3.11 million units were recorded, marking the fifth straight month the pace has been above the three million mark. Also, the July rate was the highest level since October 1980, when 3.21 million units were recorded, according to the National Assn. of Realtors.

p=preliminary r=revised

Source: Nat'l Assn. of Realtors





Home resales hit 3 million mark in July

NATIONAL REPORT — Home resales activity in July rose 1.6% to a seasonally adjusted 3.11 million units, the highest level in nearly five years, according to the National Assn. of Realtors. Not since October 1980 when 3.21 million units were recorded, has the pace been stronger.

July also marked the fifth consecutive month that resales activity topped the three-million-unit mark.

The median home price in the country for an existing single-family home was $77,900 in July, $1,700 more than in June.

NAR president David D. Roberts attributes much of the sales gain to declining interest rates of fixed-rate mortgages which fell to 12.44% in early July, from 12.68% in early June and 13.52% last July, according to the Federal Home Loan Bank Board.

The July gain was supported by increases in three regions, led by the Midwest, which was up 6% to 890,000 units, seasonally adjusted. Activity in the South rose 3.7% to a seasonally adjusted 1.12 million units, and the Northeast edged up 1.7% to 610,000 units, seasonally adjusted.

Resales in the West, however, declined a dramatic 9.3% to 490,000 units.

Jack Carlson, NAR's executive officer and chief economist, noted that the West's downturn is partially due to a migration slowdown in that region. He added that he expects the resales pace to quicken later this year.

In addition to its slowed sales pace, the cost of an existing single-family home in the West rose to a median $100,700, $6,900 more than in June. Not since November 1980 has the median home price in this region exceeded $100,000, the association reported.

In contrast, home prices in the Northeast—the second most expensive region for housing—declined $2,300 from June to July, to $87,300. Carlson noted that the decline does not signal the beginning of a downward price spiral because the demand for housing in this region remains strong.

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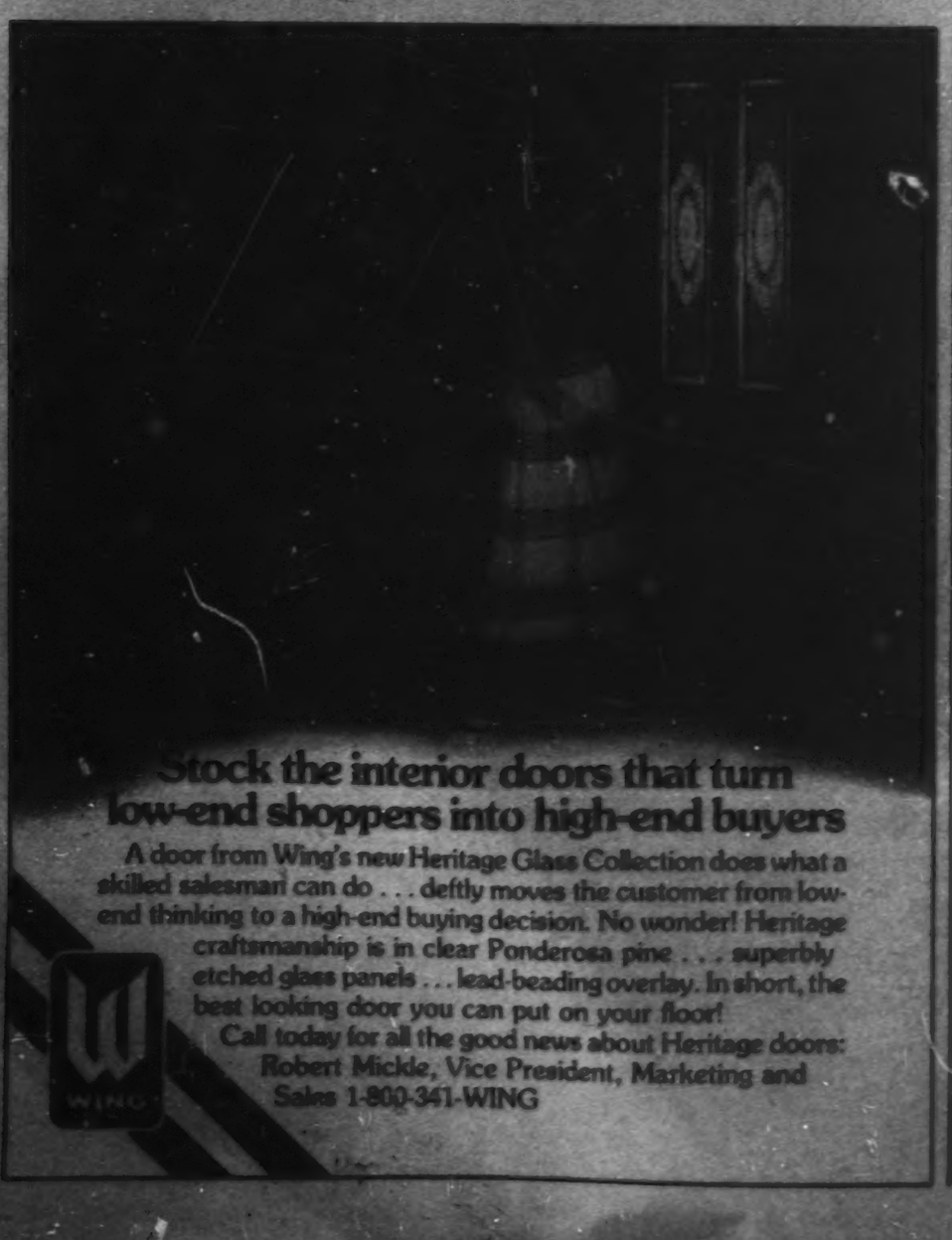

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LUMBER REPORT

Short-term thinking clouds wood industry's long-term perspective

By Hawk Furman
Special to NHCN

During the 1970's lumber producers in North America experienced tremendous prosperity. Some mills were making so much money that the owners were said to be stacking gold bars in their warehouses.

At the time it appeared that the good times would not end, and so what if timber costs were rising to $500 per thousand board feet. The baby boom generation was coming and demand would be so great for housing that they would pay the price. Besides, we were running out of timber in North America, or so it was thought. This is a good example for how short-term thinking can cloud the long term perspective. Today, the gold bars are sand bars.

Saw mills currently in the midst of a housing and commercial building boom are struggling for survival. A Paine Weber report states, "Between 1979 and 1984 the wood products division of the nine largest forest products companies experienced a combined earnings decline of fully 55%. Yet housing starts were virtually identical in 1979 and 1984, and non-housing markets were sufficiently strong to allow record levels of lumber and plywood production [including waferboard and OSB panels]." Increased production, fewer single-family housing units, and a sad export market are all contributing to the mill's plight.

'Increased mill closures, legislation or a combination of the two is likely to turn the sorry plight of the sawmill industry into a more viable situation.'
—Hawk Furman

Not all Canada's fault

Lumber production capacity has increased over 3 billion board feet since 1979 in North America. The United States Coalition for Fair Lumber Imports, representing the American manufacturers in all producing areas, has been quick to blame the Canadians for the increased production. But, the Canadians are not the only culprits.

U.S. southern yellow pine lumber manufacturers have increased production capacity by 1.6 billion board feet from 1978 to 1984. International Paper Company alone increased its southern yellow pine capacity 56% between 1979 and 1984, which represents an estimated 600 million board feet.

International Paper and others reasoned that with Douglas fir sawtimber on the West Coast selling for $349 per thousand board feet in 1979 and $432 per thousand board feet in 1980 that they as southern manufacturers had an umbrella for their southern yellow pine production to compete quite handily against the West Coast species. Timber costs in the South at the time were less than one-half that of the West Coast. Instead of making fairly substantial profits on their southern yellow pine production, the southern

(Continued on page 69)

FUTURES

Two weeks ended Aug. 22, 1985

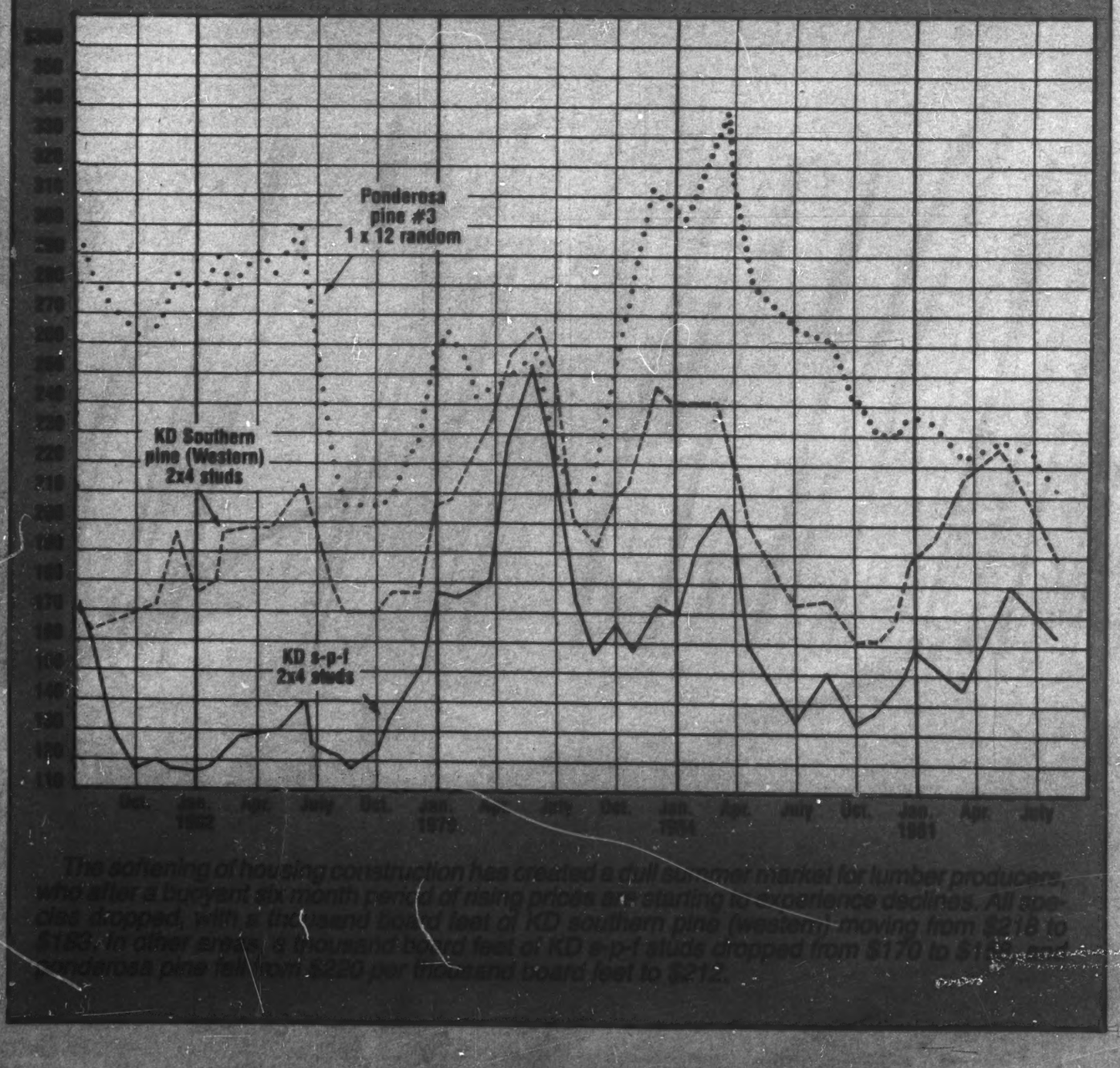
	High	Low	Close	Previous Week	Open Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '85	134.80	127.80	131.20	128.40	3,012	197.50	127.80
Nov.	132.50	126.70	128.00	129.20	3,223	186.10	126.70
Jan. '86	138.70	133.80	134.40	135.70	1,129	187.30	133.60
March	144.30	140.00	140.50	142.50	603	195.00	140.00
May	149.70	145.50	146.40	148.20	340	176.40	145.50
July	153.00	149.50	150.00	152.00	72	183.40	149.50
Sept.	158.00	153.50	153.90	156.90	60	180.00	153.50

Total Vol. (Through 8/22): 15,149 — Previous Two Weeks: 13,787
Total Open Interest (As of 8/22): 8,639 — Previous Week: 8,841
Cash Price: $143.08 — Previous Week: $144.06 — Year Ago: $138.18

CME—Chicago Mercantile Exchange
*Figures for Thursday, Aug. 22
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Studs & boards

Average monthly mill prices


Ponderosa pine #3 1 x 12 random
KD Southern pine (Western) 2x4 studs
KD s-p-f 2x4 studs
Oct. Jan. Apr. July Oct. Jan. Apr. July Oct. Jan. Apr. July Oct. Jan. Apr. July
1982 1983 1984 1985

The softening of housing construction has created a dull summer market for lumber producers, who after a buoyant six month period of rising prices are starting to experience declines. All species dropped, with a thousand board feet of KD southern pine (western) moving from $218 to $183. In other areas, a thousand board feet of KD s-p-f studs dropped from $170 to $1[illegible] Ponderosa pine fell from $220 per thousand board feet to $212.

MERCHANDISING

Expert forecasts 27% rise in L&G spending

Lawn and Garden Products Estimated sales 1985
(In billions of dollars)

Nursery	$ 6.9
Power Equipment	3.4
Fertilizers	3.2
Chemicals	4.2
Nonpower hand tools	1.5
Water Equipment	3.0
Accessories	1.2
Lawn Furniture	1.7
Trim-A-Tree	1.1
Snow Removal Products	0.6
Total	$26.8

Source: Greenidge & Associates — NHCN chart

Nursery items and power equipment will produce over $10 billion in lawn and garden department sales this year, as consumer spending is expected to rise 27% in the category.

CHICAGO — Consumer spending is expected to rise almost 27% this year in the lawn and garden category. Home centers, along with hardware retailers, should gain an additional 5% of market share by 1990, according to Dr. Charles Greenidge of Greenidge & Associates, a market research firm in Evergreen, Colo.

Greenidge shared his research findings during a seminar entitled "Major Shifts are Impacting the Lawn and Garden Market" at the National Hardware Show here last month. Greenidge said that demographic factors, plus an increasing interest in patios, landscaping and both flower and vegetable gardening, point to a strong market in the late 1980's.

Greenidge referred to research done by a former associate, Dr. Bert McCammon Jr., which showed that people between the ages of 35 and 44 spend 38% more than the average on DIY projects, and people in the 44-to-54 year range spend 21% more than average. Greenidge suggests that as the baby boomers mature, they will continue to spend money on lawn and garden products.

"We are looking at an affluent, maturing mobile market that is in the prime of their DIY and gardening years," said Greenidge after noting that a 15% increase in the number of families in the $30,000 to $40,000 range is expected over the next five years, and an increase of 32% is expected in the more than $40,000 range.

Along with an increase in L&G sales in home centers and hardware stores, Greenidge foresees an increase of 5% or more of market share for the mass merchandisers, indicating a loss of up to 10% or more for the lawn and garden centers. "Many mass merchants who previously operated peak-season-only departments are expanding their selling period through the summer into the early fall, and others are establishing year-round departments," said Greenidge.

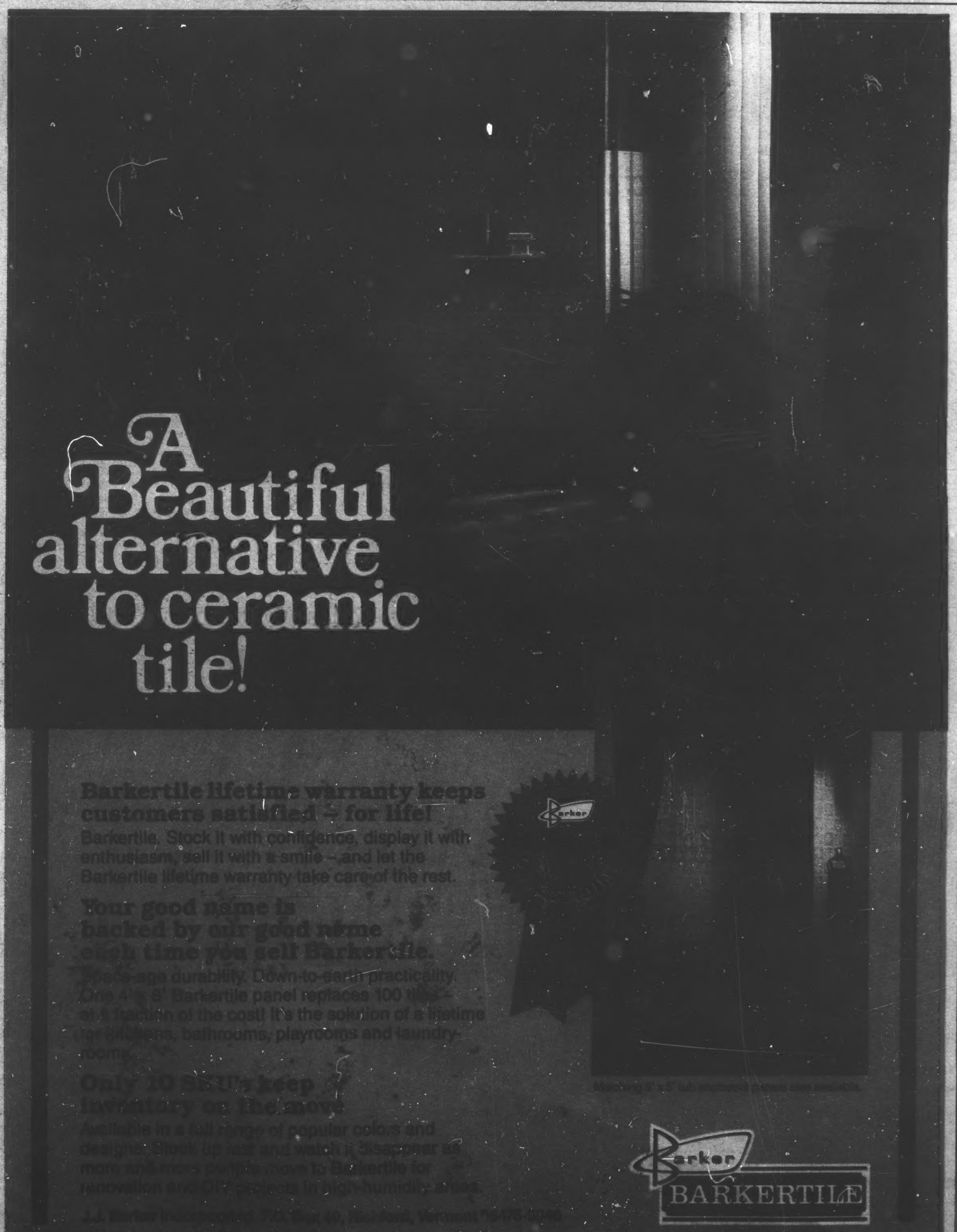
To illustrate the growing importance of the mass merchandisers in the lawn and garden segment, Greenidge pointed out that K mart's private label chemicals, K-Gro, is the nation's second largest brand following Ortho.

Shifting emphasis

Besides a shift in market share between retail outlets, Greenidge has also noted a shift in the buying patterns of the lawn and garden customer. In the past, customers would buy heavily at the beginning of the season when many retailers would offer preseason sales. Now, says Greenidge, consumers are buying closer to need and are buying in smaller quantities. He also said that consumers are showing a preference for specific use products in ready-to-use form with application packaging.

Greenidge anticipated that the desire for convenience, i.e., premixed, products will accelerate as dual income households find their leisure time pinched, and have less time to spend on gardening and plant care products.

Greenidge also noted the increasing consolidation on the manufacturing side of L&G products that he says will eventually result in three or four major companies competing in the same way that Stanley and Cooper do in hard lines.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HARDWARE SHOW SEMINAR WRAPUP

Experts prescribe legal checkup once a year

CHICAGO — Just as it's a good idea to visit a physician periodically for a checkup, retailers and suppliers should visit a business lawyer once a year to head off legal problems before they arise. That was the prescription offered to a group of businessmen at a seminar conducted at last month's National Hardware Show by Charles M. Tatelbaum, a bankruptcy expert for a Baltimore law firm.

Speaking at the seminar entitled, "Preventive Law for the Layman," Tatelbaum said there are several ways a businessman can avoid litigation or bolster his case in the event a dispute does wind up in court.

He gave some examples of how a knowledge of preventive law can save time and money.

• **Dishonored check as a collection tool.** "A check is nothing more than a contract," said Tatelbaum. As with any contract, when a check is made by a corporation, it must be signed by an officer or an authorized employee. When the person signing the check neglects to write his or her corporate capacity along with the signature, it may subject the signer to personal liability if the check is dishonored, noted Tatelbaum. In such a case, an action could be brought against the individual to collect the balance on the check.

The threat of such a suit against an employee is likely to bring about a quick settlement by the employee's company, said Tatelbaum. Likewise, the lawyer told attendees to always write their own title when signing a check for their company so that they will not become personally liable if that check bounces.

• **The midnight deadline rule.** A bank must clear a check by midnight of the following business day. "If between the time you deposit a check and the time collection from the payer's bank is attempted, something happens, such as a bankruptcy, the bank is responsible for paying the check if the bank violated the midnight deadline rule," said Tatelbaum.

Since the midnight deadline is widely violated by banks, knowledge of the rule would enable a company to collect from the bank on the unpaid check, he noted.

• **Notice in the event of insolvency.** If, within 10 days after the receipt of goods by a customer, the customer becomes insolvent, the creditor can send a notice to the customer to reclaim the goods or secure a lien or priority claim on the proceeds. Tatelbaum said he used just such a tactic while representing several creditors with about $75 million worth of claims against Wickes Cos., which filed for Chapter 11 in 1982 (and has since emerged).

• **Defending against discrimination.** According to law, a company cannot discriminate in the granting of credit based on race, creed or sex. However, when a customer applies for credit, he or she often must include assets jointly owned by a spouse. If the application for credit is worded improperly, it may subject the company to a lawsuit. This aspect of preventive law is critical, noted Tatelbaum, as he gave the example of one small company that defended a sex discrimination suit and won, but spent $82,000 in legal fees.

• **Battle of the forms.** Such a battle occurs when there is language on a purchase order or similar document that is not acceptable to both parties. Tatelbaum suggested that a creditor include a blanket statement on his invoice stating that any statement on a purchase order which is not specifically approved in writing by the creditor will not be considered a part of the agreement between the parties.

• **How to hire and fire without getting into trouble.** Develop an employee handbook, suggested Tatelbaum. "Put all company policies in the handbook and list hiring and firing procedures," he said.

The objective of preventive law is to stay out of court. "If you have an ironclad case, they'll drop the suit," said Tatelbaum. "But if you leave them an opening, they'll sue."

> ***'If you have an ironclad case, they'll drop the suit, but if you leave them an opening, they'll sue.'***
>
> —**Charles M. Tatelbaum,** *bankruptcy lawyer*

Short-term thinking clouds lumbermen's long-term outlook

(Continued from page 16)

mills found themselves in the worst of all worlds with timber costs on the West Coast falling to less than $150 per thousand board feet, demand for wood slackening and total manufacturing capacity in North America rising, which led to lower prices and lots of red ink.

Wood demand in single-family units down

In 1983 and 1984 the United States housing market averaged 1.1 million single-family unit starts. A single-family start uses three times as much lumber as a multifamily start. This represents 720,000 fewer single family unit starts in 1983 and 1984 than in the 1977 to 1978 period. During the late 1970's lumber production reached a level of 49 billion board feet. In 1984 production exceeded 52 billion board feet. It doesn't take a genius to see that even with some increased demand there was still too much production. Couple this with a declining export market and it is quite obvious why we are experiencing depressed prices in wood commodities.

Exports

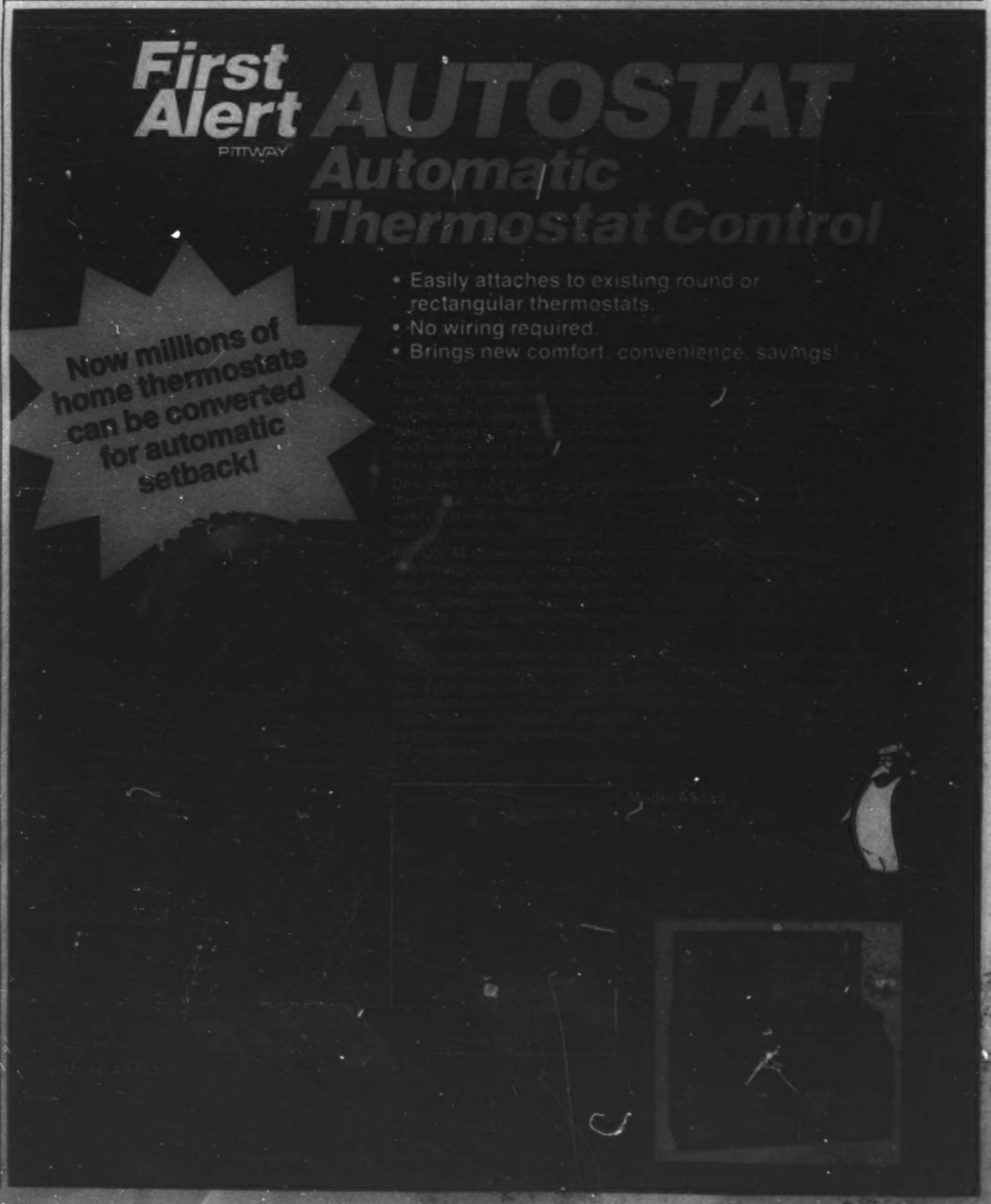
Exports remain depressed as the U.S. dollar remains strong. There is no foreign escape for North American lumber and it must basically find a home in North America. The winner in all this is the North American consumer. Exports to Japan and Germany may never be as strong as in the 1970's even with a weak dollar. Both countries are now harvesting more of their own timber as their reforestation efforts are starting to bear fruit.

Legislation

As legislation is being bandied about, several mills have announced closures. Potlatch's announcement of a permanent closing of its largest sawmill in Lewiston, Idaho, may signal the start of more mill closures in North America.

Nothing is forever and you can bet that lumber prices will not remain this depreased for another year. Increased mill closures, legislation or a combination of the two is likely to turn the sorry plight of the sawmill industry into a more viable situation. In the meantime be nice to your lumber suppliers, because some day they might be in the driver's seat again with a seller's market.

Hawk Furman is president of Furman Lumber, Boston.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Consumer habits make Columbus a 'tough nut to crack' for chains

(Continued from page 3)

consumers in Virginia Beach, Va., seemed to have more loyalty to hardware stores for such merchandise.

On the other hand, some 81% of consumers surveyed in Columbus said they had noticed new home centers moving into their market over the past year. This high rate of response compared to only 54% of consumers with the same reaction in Chicago, and only 71% of consumers when responses from all seven markets were pooled.

Furthermore, some aspects of home center retailing seem to appeal to Columbus shoppers. The variety of products carried was cited as one reason why shoppers went to the new Mr. HOW in the Columbus market, and the longer advertising tabs that are characteristic of home center retailing also appealed to them. Over 14% of Columbus consumers said that tabs from 10 to 49 pages were most helpful to them. This compares to less than 5% of consumers saying the same thing in Chicago.

The findings from the Leo J. Shapiro study, published in a report called "Attracting the DIY Consumer: 1985," come at a time when this city, located in the center of Ohio and surrounded by farmlands, is the target of a new round of home center activity. Mr. HOW, the warehouse home center chain based in Margate, Fla., opened two units in Columbus late in 1984. Hechinger, the home center chain based in Landover, Md., opened one store in the market in the spring of this year, and has bought a building for its second unit there, expected to open next spring.

> 'It's a market that is growing fast, with a stable economy, with a fair income level and sites are easy to obtain. All of which tells a retailer that, on paper at least, he should move in.'
>
> —Tom Herward, *merchandising vp, Busy Beaver*

Central Hardware, which has operated four units in the city for many years, recently completed the remodeling of two of its four stores in the city by increasing the use of the cube with pallet racking.

Other stores long active in the city include three Furrow's, three Sutherland Lumber's, three 84 Lumber's and five Cellar Lumbers. Carter Lumber operates six stores in the general market area, although most are located some distance from the city.

Independent operators such as Dealers Lumber, Jones Lumber and Strait & Lamp also operate stores in or near the city.

When asked why warehouse chains are targeting Columbus for the first time, market observers pointed not only to the need for such chains to secure their sites in the nation's top 50 markets now, but also to the fact that the city seems to provide an economic foundation that attracts retailers.

With its population of 1.2 million, for example, Columbus is the 33rd largest metropolitan area in the country, according to Sales and Marketing Management's 1985 Survey of Buying Power. And, according to the same source, the city ranks 43rd in total building materials and hardware store sales. Too, the Columbus Chamber of Commerce reported the unemployment level for June of this year was 6.1%, below the national average of 7%.

On the other hand, the market is seen as one that is difficult to crack, partly because of consumer habits.

"Not too many years ago, there was little home center activity and shoppers became used to patronizing the hardware stores that were scattered around the suburbs," said Royal Morse III, vp at Dealers Lumber, a longtime Columbus independent. "People are used to that pattern."

Tom Herward, vp of merchandising at Busy Beaver, the Pittsburgh-based home center chain that opened three home centers in Columbus in 1979, only to pull out of the market five years later, noted that, while the city's economics seem attractive, consumer habits were hard to break.

"It's a market that is growing fast, with a stable economy, with a fair income level and sites are easy to obtain," said Herward. "All of which tells a retailer that, on paper at least, he should move in."

But the fact that Columbus is the fastest growing market for its region, and that its governmental activity and educational industry props up its economy, doesn't cancel out the drawbacks, according to Herward. "It's the discount capital of the world," he said, pointing to the strong performance by Gold Circle, K mart and others. "We had more success with our low end price points. And the specialty outlets are also very strong."

The presence of an excessive amount of competition, noted Herward, is only the first of a two-part problem for home centers tackling Columbus. The other is the fact that the spending per household is not high. According to Sales and Marketing Management, the median household effective buying income is $25,405, ranking Columbus 159th of all metropolitan areas.

Herward added that the do-it-yourself expertise in the Columbus market did not seem very high, although shoppers seemed anxious to learn. "Our consumer clinics were highly attended," he said.

The survey seemed to support this observation. "To be really complete, and cover everything," was cited by close to 20% of Columbus consumers as the reason why they liked advertising tabs of a longer length. Nationwide, in six other surveyed markets, only 12% of participating consumers cited that reason for their favorite lengths of advertising tabs.

Customers are more likely to shop at discount stores in Columbus, Ohio, than are customers in other major markets . . .

Percentage preferring to shop at discount stores

Item	Columbus, Ohio	Nationwide average of seven major markets
Portable power tool	11%	6%
Wall or house paint	12	5
Hand tools	17	7
Wallpaper	7	3
Garden tools	22	12
Lock sets	10	7
Electrical wiring	6	3
Plumbing, pipe or faucets	5	2
Indoor, outdoor lighting	9	4

Source: Attracting the DIY Customer: 1985; *NHCN* chart

. . . They also indicated a strong inclination for shopping at Columbus' new home center operations . . .

Percentage preferring to shop at home centers

Item	Columbus, Ohio	Nationwide average of seven major markets
Portable power tool	28%	28%
Wall or house paint	17	24
Hand tools	28	28
Wallpaper	6	18
Garden tools	31	36
Lock sets	48	41
Electrical wiring	56	48
Plumbing, pipe or faucets	61	51
Indoor, outdoor lighting	42	44

Source: Attracting the DIY Customer: 1985; *NHCN* chart

. . . Indeed, Columbus consumers seem to favor the educational nature of longer advertising tabloids such home centers provide.

Percentage preferring tabs of 10 to 49 pages

Columbus	Chicago	Long Island
14%	5%	5%

Source: Attracting the DIY Customer: 1985; *NHCN* chart

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The 1985 Consumer Brands Study—pp. 29-75

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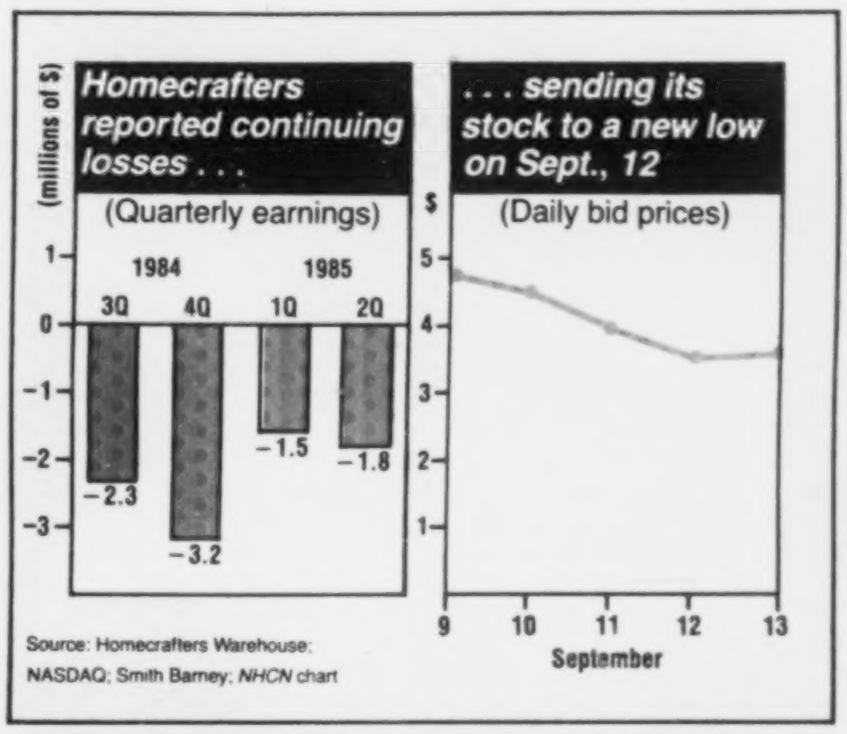

Source: Homecrafters Warehouse; NASDAQ; Smith Barney; *NHCN* chart

Continuing losses drive Homecrafters stock down

By Phillip M. Perry
NHCN senior editor

BIRMINGHAM, Ala. — Homecrafters Warehouse announced last month that it expected to incur continuing losses for the next two quarters. The announcement, combined with news of the chain's fourth consecutive quarterly loss, sent the company's stock plummeting to new lows.

The company also said that it had been granted additional short term debt of $3 million by its primary bank on Sept. 13. The company, which now has short term debt of $21 million, and total debt of $25 million, said it would be necessary to go back to its bank within the next 90 days for additional short-term financing, in order to be able to fund continuing daily operations.

(Continued on page 5)

NEWSBREAKS

MARTIN LEAVES NLBMDA. John Martin left the National Lumber and Building Material Dealers Assn. last month after serving as executive vp for six years. He accepted a similar post with the Dairy and Food Industries Assn. A successor has not been named.

INSIDE:

Emhart acquires True Temper —Page 2
New 230,000-sq.-ft. unit opens in Arkansas —Page 3
Southern lumber bugged by new foe —Page 3
Housing starts jump 6% in August—Page 10
Effort for forklift safety film gains momentum —Page 78
Indiana independent enhances consumer image —Page 82

Ole's enlists large prototype in defense against whse units

By Brad Altman
NHCN associate editor

LOS ANGELES—A large-store prototype is being rolled out in the W. R. Grace's western region. Three Ole's Plus outlets ranging from 60,000 sq. ft. to 77,000 sq. ft. will open by the end of October.

The units contain 60% more inventory than Ole's conventional 40,000-sq.-ft. units and emphasize big-ticket merchandise.

The number of stockkeeping units remains the same as at the conventional Ole's, 21,000, but more merchandise is carried in stock rather than on special order.

The new prototype is a refinement of Ole's marketing approach designed to battle encroachment on its turf by the warehouse operators, which include The Home Depot, Builders Square and HomeClub.

The initial Ole's Plus is a 77,000-sq.-ft. outlet in Riverside (*NHCN*, Aug. 12), located a short distance from a Builders Square which opened two weeks before the Ole's Plus Aug. 29 debut.

Ole's Plus Super Home Centers contain 60% more inventory than Ole's conventional units and emphasize big-ticket merchandise. Pictured is the Riverside, Calif., store. NHCN photo

The second Ole's Plus opens in Las Vegas on Oct. 17 followed by its third super store, in Claremont, Calif., on Oct. 31.

The Las Vegas and Clare-

(Continued on page 98)

Scotty's promotes key executives; moves toward young management

By Donald Longo
NHCN Managing Editor

WINTER HAVEN, Fla. — Scotty's, the $450 million, 117-store Florida chain, has promoted several key executives as part of efforts to hand over operational responsibilities for running the chain to a younger management team headed by its 42-year-old president, Dennis Stults.

Jim Sweet, chairman, and Ray Cooney, vice chairman, who was president for 12 years until earlier this year, will be taking a less active role in the day-to-day affairs of the company.

Scotty's also reported it has abandoned plans to build a second distribution center in Deerfield Beach on Florida's southeast coast. The expansion of the company's main distribution and warehouse facility in Winter Haven, expected to be completed by December, has alleviated the need for the Deerfield Beach distribution center, according to company officials.

Chairman Sweet, in announcing the management moves that will give younger executives more responsibility, noted that Scotty's five-man management committee, including himself, Cooney, Stults and senior vp and cfo Harold Taylor, will retain control over major financial decisions, such as real estate acquisitions, and be responsible for long-range, strategic planning.

Richard Martineau, 34, vp, treasurer and controller, and Kevin Fitzgerald, 41, vp, purchasing, were given key promotions.

Martineau, the chain's senior accounting officer, was added to the management committee in January and was recently given operational responsibility of the company's data processing department. Martineau joined Scotty's in 1978 as controller from the company's accounting firm, Arthur Andersen & Co.

Fitzgerald will add the responsibilities for warehousing, transportation and manufacturing to his purchasing duties on Jan. 1, 1986. Those departments had previously reported to Cooney, whom, Sweet said, will assume some of the chairman's responsibilities.

Fitzgerald also joined Scotty's from Arthur Andersen &

(Continued on page 97)

Specialty plumbing retailer plans national franchises

By John Caulfield
NHCN senior editor

DALLAS — Last month, Plumbing Mart Stores Inc., an offshoot of a local wholesaler that has operated here since 1946, launched its national franchising program for small, 4,000- to 6,000-sq.-ft., plumbing specialty stores that will emphasize service and breadth of assortment.

Plumbing Mart has been developing its franchising plan for two years, using the four company-owned stores it has opened since 1979 as merchandising and marketing "laboratories," according to the firm's president, Lawrence Siegel.

Five franchises, all in the Dallas-Fort Worth Metroplex, are scheduled to open by year's end, with another five planned for 1986. "We will be taking our initial expansion slow, because we want nothing but successes with our first stores," said Siegel. "But our ultimate plans are to expand this program nationally."

Plumbing Mart's success will not come easily, particularly in Dallas, perhaps the most competitive home improvement

(Continued on page 98)

Lawrence Siegel, president of Plumbing Mart, plans to have five plumbing specialty store franchises open in the Dallas/Fort Worth area by year's end.

Goodbuys adds beds; new home center category

By Elizabeth Brent
NHCN field editor

PHILADELPHIA — When Mr. Goodbuys opened its 100,000-sq.-ft. unit in Cedarbrook Mall, north of Philadelphia, on Sept. 12, it also unveiled a new category—beds, the first such department in the industry.

It is stocked with a range of headboards, footboards, frames and boxsprings. Similar departments are now also in place at Mr. Goodbuys' Lawnside, N.J., store and the chain's

(Continued on page 97)

NHCNews Briefs

Industry Update

Standard Brands into rural units

TORRANCE, Calif. — Standard Brands, the specialty retailer here, is experimenting with a smaller unit catering to less densely populated markets.

In August, the company opened a 7,500-sq.-ft. Home Decorating Store in Victorville, Calif., population 14,200, as its first venture into smaller, rural markets of under 100,000, with a scaled down unit stocking an abbreviated product mix. (This unit will offer the chain's full product mix on a special order basis.)

Standard Brands has not foresaken its larger units, though. The 15,500-sq.-ft. store it opened in Bakersfield in July netted the highest first-day sales in the company's history. And its new store in Costa Mesa includes a mini-version of the company's Art Store, an arts and crafts specialty outlet. Two more of these combo units are scheduled to open in fiscal 1985, according to Standard Brands' recently released second quarter report.

For this period, ended July 28, Standard Brands' earnings fell 14.9% to $5,452,000 from revenues of $95,458,000, which were up 12.5% over the same period last year.

Bank acquires 5.3% of Handyman

SAN DIEGO — The Boatmen's National Bank, St. Louis, said that it had purchased 5.3% of the outstanding common stock of Handyman, the $269 million chain of 55 home center stores. The acquirer filed with the SEC on Sept. 3, stating that it had acquired 134,430 shares of Handyman, and that the shares "were not acquired for the purpose of, and do not have the effect of, changing or influencing the control of the issuer."

Toro profits 2nd best in 70 yrs.

MINNEAPOLIS — The Toro Co. announced that its profits for the year ended July 31, were the highest in six years and the second highest in the 70-year history of the company.

The maker of power lawn care, irrigation and snow removal equipment, reported earnings of $13.2 million on sales of $336.8 million, which represented increases of 59% in earnings and 20.2% in sales. The year garnered the third highest sales total in company history. Earnings per share rose 98¢ to $1.67.

Fourth quarter earnings were $1.6 million or 17¢ per share on sales of $71.1 million, compared with earnings of $1.4 million or 15¢ on sales of $50 million during the year-earlier period.

Mich. General moves HQ to N.J.

SADDLE BROOK, N.J. — The headquarters of Michigan General, the $449 million parent company of Diamond Lumber, was moved from its former location in Carrollton, Tex., to this town on Sept. 9. The offices of Michigan General are now located in the building occupied by General Felt, a $400 million privately held carpet manufacturer and distributor.

The move reflects the growing control General Felt has been able to achieve over Michigan General. Rocco Barbieri, president of General Felt, was elected president of Michigan General in June. "As an accommodation to him, we moved to Saddle Brook, so he wouldn't have to commute," explained Peter S. Dye, cfo for Michigan General.

In conjunction with the move, two top executives who did not wish to relocate have been replaced. Dye, who was the auditor of Michigan General in his former capacity as partner in Deloitte, Haskins & Sells, Dallas, replaced Al Von Stein as cfo. George F. Kerkhove, formerly assistant controller at Kimberly Clark, Neenah, Wis., has been named Michigan General controller, replacing William Fager.

Wickes finalizes $1B G&W deal

SANTA MONICA, Calif. — Wickes Cos., which reached an agreement in principle on June 9 to acquire Gulf + Western Industries' consumer and industrial businesses for about $1 billion cash, said it has completed the purchase.

The acquisition, which closed Sept. 12, included Wickes' assumption of approximately $73 million in long-term debt related to the group, which is comprised of apparel and hosiery, bedding and home furnishings, automotive parts distribution and manufacturing segments.

Under terms of the sale, G + W has a five-year option to purchase 10 million shares of Wickes common stock at $6 per share.

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HomeClub hires outside talent to strengthen financial base

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — HomeClub, on the verge of raising as much as $36 million in its first public stock offering, has hired Federated Department Stores executive Rudolph L. Hirsch as executive vice president, chief administrative officer and secretary.

A source close to HomeClub said the Sept. 10 arrival of Hirsch seems to indicate that in conjunction with going public, the directors of HomeClub believed that Wall Street money managers would like to see the rapidly expanding company strengthen its financial acumen with outside talent.

Hirsch is expected to have full administrative and financial responsibilities that will include personnel development as well as systems, legal, banking and treasury functions, according to a prepared statement.

Company officials declined to be interviewed, saying they aren't allowed to comment beyond what is stated in the preliminary prospectus filed Sept. 6 with the SEC.

The 57-year-old Hirsch most recently was senior vp of Cincinnati-based Federated Department Stores, which posted 1984 sales of $9.7 billion. Hirsch was in charge of the 589-unit chain's divisional operations and corporate services.

According to the prospectus, Hirsch will become HomeClub's highest-paid executive under the compensation plan. The filing said employment agreements expiring in 1988 put Hirsch's salary at $180,000 a year plus a $50,000 first-year bonus. HomeClub ceo Robert McNulty's annual compensation was set at $210,000.

Rudolph L. Hirsch
executive vp, secretary
HomeClub

George J. Handgis, 33, exec-

(Continued on page 97)

Mr. HOW modifies last HomeOwners unit

By Donald Longo
NHCN managing editor

COCONUT CREEK, Fla. — The last remnant of the name "HomeOwners Warehouse" disappeared last month when the company, which a year ago changed its moniker to Mr. HOW Warehouse, began remodeling its 70,000-sq.-ft. flagship unit here.

Opened in March of 1983, the first HomeOwners Warehouse store, located in the Coconut Creek Shopping Plaza in southeastern Florida, was the last store in the Mr. HOW chain to undergo the name-change. This store, as well as two other existing units in Plantation, Fla., and Augusta, Ga., retained their HomeOwners identity, while 21 stores the company subsequently opened in several markets across the country took on the Mr. HOW name.

The name-change was promoted through radio and full-page newspaper ads with the slogan, "Nothing's changed but the name".

The remodeling of the Coconut Creek store is aimed at updating the unit to bring it in line with newer Mr. HOW Warehouses, said general manager Howard Post. Among the modifications:

- Higher racking with more backup stock on top to better utilize the verticle cube;
- Stacking merchandise on pallets in the power aisle rather than directly on the floor to pre-

(Continued on page 98)

Purchase price exceeds $115 million

Emhart agrees to buy True Temper

FARMINGTON, Conn. — Emhart Corp., in the midst of converting into a more consumer-oriented manufacturer, early last month signed a letter of intent to acquire the True Temper division of Allegheny International, the Pittsburgh supplier.

The purchase price was estimated by both companies' officials to be in excess of $115 million. Details leading to the sale are expected to be completed late this year. True Temper's sales this year are projected to be more than $140 million. If the deal goes through, Emhart's consumer products' volume would exceed $400 million.

True Temper is one of the best-known names in the home improvement industry. It markets several lines of lawn and garden tools, wheelbarrows, seeders and spreaders under the "True Temper," "Jackson" and "Cyclone" brand names. Emhart would acquire the division's five domestic manufacturing facilities in South Carolina, New York, Pennsylvania and Tennessee, as well as a plant in Canada.

The division is also an original equipment manufacturer of golf club shafts, tennis rackets and tubular components for high-quality bicycles. Emhart would also buy its three plants making sporting goods (as well as mili-

(Continued on page 98)

Highlights in this issue

MERCHANDISING: *NHCN*'s 1985 TOP BRANDS STUDY

- *Consumer buying habits shaped by name brands and value* —**Page 29**
- *Buyers equate private/national brand quality* —**Page 31**
- *Light bulbs shine in spontaneous brand recognition* —**Page 31**
- *Survey queried views of 424 DIY consumers* —**Page 31**
- *In-store signage rates high as informative tool* —**Page 36**
- *High power ad campaigns pay off in unaided survey* —**Page 38**

Product categories

Doors	47	Lighting	53
Faucets	65	Paneling	72
Floor covering	57	Plumbing fixtures	61
Hand tools	63	Power tools	48
Kitchen cabinets	74	Windows	68

SYSTEMS & OPERATIONS

- *Retail videodisc use falls short of projection* —**Page 77**
- *Cooperative effort to develop lift truck safety film gears up in Calif.* —**Page 78**
- *DIY garden show to air from Dallas* —**Page 78**
- *Stretch wrap system protects paint at Ace plant* —**Page 79**

INDEX

Ad Angles	24, 26
Calendar	92
Classifieds	93-96
Editorial	8
Financial News	6
Home Center Trivia	12
Housing Watch	10
Lumber Report	16
New Products	85-88
New Stores	88
People	12, 89
Washington View	8

AD & MARKETING

- *Hyde sales reps play war games* —**Page 21**
- *TV spending leaps 43% in 1st half of '85* —**Page 21**
- *Football star named for Echo ads, but gargantuan size poses problems* —**Page 21**
- *Chicago firm backs Cubs' father/kid game* —**Page 21**

BEST AVAILABLE COPY

Arkansas retailer unveils 230,000-sq.-ft. unit

LITTLE ROCK, Ark. — Its name might seem a bit grandiose given its size and location, but there is nothing meager about the National Home Center's new soon to open outlet here.

It is simply one of the largest home center units anywhere: 230,000 sq. ft. of retail showroom, warehouse and attached lumberyard, scheduled to open the first week of October.

For the little-known retailer—which prides itself as "Arkansas's largest building materials center"—the unveiling of the massive new unit is this company's "coming out party" in the home center industry, according to Dwain A. Newman, president and ceo.

Formerly named the National Lumber Co. the three-unit independent—which has only been in the home center industry for three years—has already emerged as an aggressive and prosperous retailer, with 1985 total corporate revenues, which include other building supply businesses, expected to hit $54 million, about $20 million better than 1984's.

Founded by Newman in 1972, the National Lumber Co. had been a diverse building materials supply firm that catered almost exclusively to the professional contractor market. To satisfy that customer base, Newman said the company acquired a kitchen cabinet manufacturer, a plywood distribution plant, a lumberyard and operated its own floor and truss-making company.

"I think that experience showed that there are consumers out there everyday," Newman said.

"The home center industry is more stable, and does not have the tremendous peaks and valleys [of building supply materials]."

It was a decision the company has not regretted. In fact, business has been so encouraging that National Home Center recently sought out the New York investment bank of Donaldson, Lufkin & Jenrette Inc. to assist the Arkansas retailer in making a public stock offering sometime next year. Newman said analysts who examined the company's gross revenues found that National Home Center is growing at the rate of 20% a year and is expected to make $94 million in 1986, which includes all the company's businesses.

National

Future plans include making a public stock offering next year.

Since zeroing in on the DIY market, Newman estimated the company percentage of consumer to contractor sales at 60/40.

Meanwhile, Newman said there are plans under way to make the company's name accurate. He revealed that the chain will build two more "superstores" within the next 18 months, one to be located next May in central Little Rock. But, farther down the road, Newman indicated the National Home Center will expand into unsaturated home center markets in other states.

For the moment however, the resources of National Home Center are pinned on its new $4 million location in northern Little Rock. While it has two other units in rural areas—a 25,000-sq.-ft. facility in Fort Smith and a 30,000-sq.-ft. outlet in Springdale (the company's first home center and its headquarters)—the Little Rock store is the company's first foray into an urban market.

While it will be competing with Lowe's, Sutherland, Payless Cashways, and a host of independents, Newman is confident that National Home Center has the right mix of prices, product variety, service and location to snatch away a significant share of the market.

Although the new store will be as large as a Home Depot or a Mr. HOW-national chains whose names are synonymous with warehouse retail concept—Newman said there will be no similarities in merchandising. He said 90,000 of the 230,000-sq.-ft. facility will comprise the main showroom, built around a race track floor plan. It will have easy-to-reach, eye-level racking and forklifts will not compete with customers for maneuvering room in the aisles. He added that the shoppers should have no trouble locating the 30,000 sku's, which will be marked by department signs.

(Continued on page 98)

New foe bugs southern lumber; beetles gnaw 800M board feet

By Milford Prewitt
NHCN associate editor

NATIONAL REPORT — Southern pine producers may well become the most ardent believers this year of Murphy's Law, the lamentable notion that if anything can go wrong, it will.

First they were eaten alive by Canadian Lumber imports. Then, President Reagan threatened to take a bite with his to-be-debated proposal to eliminate timber capital gains in the tax reform measures he drafted. All of this during a summer of uneven housing starts, dwindling demand and declining lumber prices.

Now a bug smaller than a popcorn kernel is doing its bit to gnaw away at the financial health of southern foresters.

In what the United States Forest Service (USFS) has called the worst insect infestation in memory, about 800 million board feet of southern pine has been destroyed by a plague of the southern pine beetle.

Usually content to consume old trees in spotted, isolated cases, the beetle has attacked younger, healthier trees, ravaging some 130,000 acres of forest in Texas, Louisiana, Mississippi and Alabama.

When combined with the acres of healthy trees that have been cut to forge a buffer between the infested and uninfested stands, about 50,000 acres of forest have been decimated in Texas alone, or about 15% of that state's annual harvest, according to Dr. Ron Billings, an entomologist with the Texas Forest Service.

While the two-year-old infestation's despoilment of 50,000 acres only comprises less than one-half of 1% of Texas' 11 million forest acres, southern forest producers still have a lot to worry about.

At the height of their concerns is the harsh economic reality of what preventive cutting is doing to their revenues and investments. In order to put some distance between the pine beetle and the healthy forests, lumbermen have to cut huge swaths of good timber, which have lumbermills backlogged, created a glut in the market and pushed the price of lumber down during a period of weak

(Continued on page 16)

Pine Beetles Devour Southern Lumber

(lumber destroyed in million board feet)*

Texas	245
Louisiana	200
Mississippi	13
Alabama	14

*Federally owned land only
Source: United States Forest Service

NHCN chart

To slow pine beetle infestation, lumbermen have undertaken preventive cutting measures, creating a backlog at mills.

Stanley Marcus, chairman emeritus for Neiman-Marcus, delivered the keynote speech.

Western Show attendance falls again; support local

ANAHEIM, Calif. — Despite a dramatic drop in exhibitors and big-chain retailer participation in the three-year-old Western Home Center & Building Supply Dealers Show held here Sept. 19-21, the three-day exhibition appeared to be a welcome resource for smaller, regional building supply dealers and home centers that do not participate in the industry's major national shows.

The show directory listed about 200 exhibitors this year, compared with 1984's 350 exhibitors and 1983's 500. The show occupied only one 50,000-sq.-ft. hall at the Anaheim Convention Center, substantially trimmed from the two halls used during the previous two exhibitions.

Approximately 6,000 preregistered for the show, up from 1984's preshow figure, but actual show attendance estimates were not immediately available, according to John Berry, director of the trade show division for Vance Publishing Co.,

(Continued on page 97)

L.A. SPRAWLS INLAND; HOME CENTERS FOLLOW

Young, affluent San Bernardino/Riverside prime target

By John Caulfield
NHCN senior editor

SAN BERNARDINO, Calif. — This summer saw the San Bernardino/Riverside market, California's fastest-growing, emerge almost overnight into one of the state's new hotbeds for home center competition.

Within a few weeks of each other, Ole's, The Home Depot and Builders Square dropped new stores into the market. Ole's opened its first "Ole's Plus," a 60,000-sq.-ft. unit, in Riverside, while Depot planted an 80,000-sq.-ft. warehouse in San Bernardino—its third California store—earlier this month. Builders Square had already entered the fray with the 80,000-sq.-ft. warehouse it debuted in Riverside this July.

These three stores are expected to exert considerable pressure on the other companies already operating in the market, such as Builders Emporium, 84 Lumber, National Lumber, Standard Brands, HomeClub and Homestead Supply.

All these dealers will be vying for sales from consumers who, according to a new study on the market, look to home centers far more than any other retail outlet to buy home improvement merchandise.

These area shoppers are both price- and quality-conscious, and are remarkably attentive to a store's advertising.

However, these consumers also appear to spend less on DIY products and projects than do shoppers in other parts of the country. According to the survey, which tested consumer buying patterns in seven different major metropolitan markets, more than 3 out of 5 San Bernardino/Riverside consumers expected to spend *less* on DIY fare over the next 12 months than they spent over the previous year.

Given these findings, and the fact that the market now has a number of new players (with more to come, presumably), the battle among home centers for consumers' disposable incomes should make San Bernardino/Riverside *the* market to watch in the coming months.

The survey was conducted for *NHCN* by Leo J. Shapiro & Assoc., a Chicago research firm. Seven markets—San Bernardino, Long Island, Columbus, Phoenix, Houston, Chicago and Virginia Beach—were

(Continued on page 90)

Consumers prefer direct mail over newspaper inserts

SAN BERNARDINO, Calif. — Nearly 6 out of every 10 households in this market prefer to get information about home improvement products through direct mail circulars rather than either newspaper ads or television spots, a new study has found.

And while consumers here use ads principally to find items that are on sale, they also use them to compare one store's prices with another's, and to evaluate how broad an assortment of products are being carried by a store.

In most respects, consumers in the San Bernardino/Riverside market are typical home improvement shoppers, according to a market study conducted for *NHCN* by Leo J. Shapiro & Associates, a Chicago research firm. The study was part of a seven-market profile examining home improvement activity (*NHCN*, July 15, 1985) in fast growing U.S. markets.

Close to 3 out of 5 consumers here said they peruse an ad once a week, while another 10% will check an ad out once or twice a month. A typical consumer in this market will spend a mean average of five minutes with an ad, although nearly one-fifth said they spend "several minutes" with an ad piece, and another 1 in 7 consumers took 10 minutes to look an ad over.

The main benefit from an ad, according to an average of 4 out of 10 shoppers, was the information it provided on product sales. Another 10% of those polled said ads helped them compare prices with other stores.

Consumers in San Bernardino/Riverside indicated they want product selection in their ads; more than 3 out of 10 indicated they looked at ads to assess a store's assortment. Consequently, shoppers here prefer multiple-page ads to smaller inserts or four-to-eight page newspaper circulars.

(Continued on page 97)

FINANCIAL NEWS

11 Gainers

3 Unchanged

42 Losers

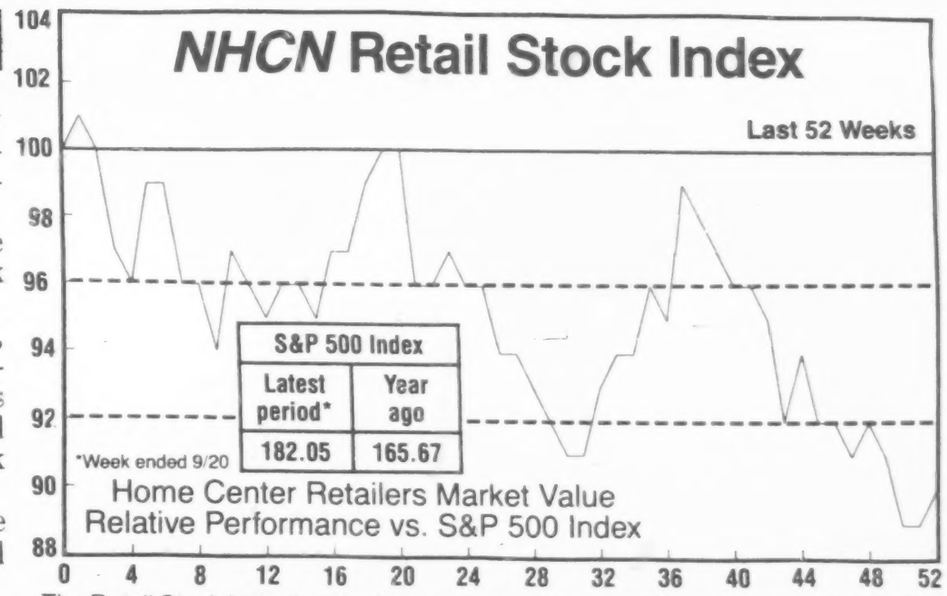
A 45% price decline by Homecrafters Warehouse was the deepest valley over a two-week period that saw losing home center stocks outnumber percentage-price gainers by a margin of 42 to 11. Three issues were unchanged.

Homecrafters, after reporting its fourth consecutive quarterly loss (see story, page 1), fell to $2.75 on 480,000 shares traded during the two-week period ended Sept. 20.

Evans Products, currently reorganizing under Chapter 11 protection, was off 18.8% to $1.63 on a volume of 707,000 shares. National Lumber declined 14.3% during the two-week period to close at $6 on 638,000 shares traded. Payless Cashways neared its 52-week low of $13.75 when it closed at $14 on Sept. 20. That was a 12.5% price drop from the previous two-week closing price.

No home center retail issue showed more than a 3% price gain over the two-week period. The marginal gainers were led by Hechinger (A and B), Edward Hines Lumber and K mart (which owns Builders Square).

Despite the disappointing numbers posted on the home center stock scene, the *NHCN* Retail Stock Index edged slightly upward in relation to the Standard & Poor's 500 Index, which reflected sluggishness in the overall market.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Am Standard N	21,058	422.3	- 6.1
Forest City Ent A	282	366.7	- 4.3
Pay N Pak N	4,844	275.2	- 6.9
Mor-Flo Inds M	615	272.3	- 1.4
Erb Lumber M	48	237.5	- 2.1

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Insilco Corp N	5,328	223.5	.0
Sherwin-Wms N	4,712	200.0	- 3.7
Hechinger A M	4,373	197.6	1.5
INTERCO Inc N	14,007	195.3	- 3.1
Allegheny Int N	2,324	184.2	.6

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Ply-Gem A	16.13	6.6	458
Hechinger B M	17.00	3.0	1,001
Clopay Corp A	14.88	1.7	117
Hechinger A M	17.25	1.5	4,373
Emhart Corp N	28.88	1.3	2,310

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84 $	2-Week Price Change %	Total 2-Week Volume (100)
Homecrafters Whse M	2.75	- 45.0	480
Evans Prod N	1.63	- 18.8	707
Natl Lumber M	6.00	- 14.3	638
Payless Cash N	14.00	- 12.5	13,322
SW Forest Ind N	11.63	- 12.3	2,129

National Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	2-Weeks Ended 9-20-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume 2-Weeks Shares Traded Total (100)	Volume 2-Weeks Shares Traded % Out %	Volume 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	43.88	- 2.63	- 5.6	46.38	43.00	51.00	36.25	7,445	2.72	1.49	82.6	19.0	1.90	4.3	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	17.38	- .75	- 4.1	18.13	16.88	20.00	15.25	4,653	5.01	2.96	69.3	12.0	.00	.0	.....	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros N	32.13	.13	.4	32.25	31.00	38.25	31.00	1,553	1.53	.89	71.9	13.1	1.60	5.0	.....	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber M	23.00	- .50	- 2.1	25.50	23.00	26.50	18.00	48	.54	.16	237.5	5.1	.00	.0	.....	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod N	1.63	- .38	- 18.8	1.88	1.63	6.00	1.63	707	.51	.20	155.0	NE	.00a	.0	.....	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent A	22.50	- 1.00	- 4.3	23.00	22.50	24.88	19.38	282	.70	.15	366.7	27.1	.15	.7	.....	6 mos.	07-85	53.5	- 28.6	3.4	36.0	.43	34.4	127.2	1.4	3.6	414.3	.45	309.1
Grace W R N	40.50	- 1.88	- 4.4	42.63	40.50	45.00	38.50	3,998	.82	.80	2.5	11.7	2.80	6.9	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	17.25	.25	1.5	17.25	16.25	23.19	14.41	4,373	5.00	1.68	197.6	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	17.00	.50	3.0	17.25	16.25	24.19	14.59	1,001	.74	.47	57.4	17.9	.08	.5	.....	6 mos.	07-85	129.3	13.0	7.2	7.5	.30	3.4	243.9	20.6	11.0	8.9	.47	6.8
Hines Ed Lumber O	42.50	.50	1.2	43.50	42.00	43.75	36.50	60	.34	.18	88.9	22.4	1.00	2.4	.....	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse M	2.75	- 2.25	- 45.0	4.63	2.75	10.00	2.75	480	1.70	1.96	- 13.3	NE	.00	.0	.....	6 mos.	07-85	51.8	19.4	(1.8)	- 100.0	(.64)	- 100.0	97.6	22.2	(3.3)	- 100.0	(1.18)	- 100.0
Home Depot N	11.75	- .25	- 2.1	12.75	11.50	20.38	10.50	5,768	2.30	2.54	- 9.4	26.1	.00	.0	.....	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc N	69.75	- 2.25	- 3.1	73.25	66.75	73.63	55.75	14,007	9.95	3.37	195.3	17.5	3.08	4.4	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	32.25	.38	1.2	33.50	30.75	41.50	30.75	43,990	3.52	1.55	127.1	9.7	1.40	4.3	.....	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos N	21.63	- 2.00	- 8.5	23.63	21.00	31.13	20.38	5,947	1.64	.85	92.9	12.8	.36	1.7	NEW	6 mos.	07-85	595.6	22.8	20.9	1.5	.58	1.8	1047.9	21.1	32.8	- 1.5	.91	- 1.1
Mich General A	4.75	- .25	- 5.0	5.13	4.50	8.13	4.50	1,401	1.24	1.31	- 5.3	NE	.00	.0	.....	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Natl Lumber M	6.00	- 1.00	- 14.3	6.75	5.00	7.50	4.50	638	1.13	.94	20.2	26.1	.00	.0	NEW	6 mos.	06-85	36.5	9.9	.5	25.0	.09	28.6	67.9	10.0	.7	.0	.12	- 7.7
Pay N Pak N	11.88	- .88	- 6.9	13.13	11.63	16.25	11.50	4,844	4.84	1.29	275.2	12.1	.64	5.4	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	14.00	- 2.00	- 12.5	15.88	13.75	23.38	13.75	13,322	3.63	1.51	140.4	12.8	.16	1.1	NEW	9 mos.	08-85	380.8	13.8	12.4	- 3.9	.36	- 10.0	1011.4	19.8	27.0	- 2.5	.80	- 7.0
Scotty's Inc N	13.00	- .75	- 5.5	13.75	13.00	16.38	12.50	1,025	.77	.55	40.0	10.1	.52	4.0	.....	fiscal	06-85	120.4	5.6	5.5	- 6.8	.39	- 9.3	453.4	6.8	17.5	- 3.3	1.29	- 7.2
Sears, Roebuck N	33.75	- 1.13	- 3.2	35.25	33.38	39.13	29.75	45,052	1.25	.61	104.9	9.0	1.76	5.2	.....	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Pnt N	20.50	- .38	- 1.8	21.00	19.25	23.88	17.75	4,207	3.77	1.46	158.2	11.5	.56	2.7	NEW	6 mos.	07-85	95.5	12.5	5.4	- 15.6	.48	- 15.8	176.4	8.4	10.2	- 7.3	.91	- 8.1
Supermkts Gen N	42.63	- 1.63	- 3.7	44.50	39.88	48.38	26.50	3,728	2.09	.80	161.3	12.2	.48	1.1	.....	6 mos.	07-85	1287.3	32.1	6.1	- 61.1	1.01	14.8	2502.7	34.5	17.9	- 10.1	1.67	49.1
Wolohan Lumber M	6.38	- .25	- 3.8	6.75	6.13	7.25	4.50	781	1.33	.59	125.4	12.5	.16	2.5	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer M	7.13	.00	.0	7.25	6.88	9.75	6.88	549	1.47	.55	167.3	59.4	.28b	3.9	.....	6 mos.	07-85	37.5	- 6.9	.2	- 60.0	.06	- 60.0	70.5	1.6	.2	- 75.0	.06	- 76.0
Manufacturers																													
Allegheny Int N	21.00	.13	.6	21.50	20.50	28.75	20.25	2,324	2.16	.76	184.2	NE	1.40	6.7	NEW	6 mos.	06-85	500.5	- 3.8	10.0	- 40.5	.23	- 54.0	1007.7	- 1.0	15.1	- 32.3	(.12)	- 100.0
Am Standard N	27.00	- 1.75	- 6.1	29.13	27.00	35.38	26.75	21,058	5.38	1.03	422.3	9.0	1.60	5.9	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld N	33.88	- .75	- 2.2	35.00	31.88	39.75	26.88	7,278	3.04	1.33	128.6	8.8	1.30	3.8	.....	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker N	17.50	- 1.25	- 6.7	18.50	17.25	26.88	17.25	15,967	3.17	1.39	128.1	14.6	.64	3.7	.....	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed N	24.50	.25	1.0	24.75	23.50	28.50	15.75	1,582	.83	.41	102.4	11.6	.70	2.9	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	21.25	- 1.63	- 7.1	23.25	21.25	26.75	18.38	19,867	2.14	1.15	86.1	NE	.52	2.4	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	14.88	.25	1.7	14.88	14.50	22.19	11.25	117	.77	1.03	- 25.2	13.4	.16	1.1	.....	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc N	32.38	- .13	- .4	32.88	32.00	37.88	30.63	209	.44	.62	- 29.0	9.9	1.40	4.3	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	28.88	.38	1.3	28.88	28.25	33.13	26.25	2,310	.84	.70	20.0	9.8	1.40b	4.8	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacifc N	22.00	- 1.00	- 4.3	23.13	21.38	27.38	20.13	13,846	1.35	.92	46.7	21.2	.80	3.6	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	17.63	.00	.0	18.25	17.13	20.72	15.34	5,328	2.75	.85	223.5	9.7	1.00b	5.7	.....	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	18.38	- .88	- 4.5	19.25	17.75	24.75	17.75	4,870	1.37	.69	98.6	17.8	.80b	4.4	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMiln Bldel N	13.25	- 1.25	- 8.6	14.75	12.75	21.81	12.75	145	.05	.09	- 44.4	24.5	.00a	.0	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp N	5.50	- .38	- 6.4	5.88	5.25	8.63	5.13	3,786	1.58	2.48	- 36.3	2.4	.00	.0	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp N	31.38	- .75	- 2.3	32.50	30.50	36.00	24.00	10,825	1.87	.84	122.6	22.4	.56	1.8	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds M	17.75	- .25	- 1.4	18.00	17.63	20.25	14.63	615	2.42	.65	272.3	6.7	.01	.1	.....	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum N	48.00	- 2.00	- 4.0	50.50	47.50	51.88	34.00	3,328	2.14	1.41	51.8	6.5	2.28	4.8	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	2.28	21.3	809.4	- 3.6	61.5	15.0	3.95	15.2
Newell Co N	16.63	.00	.0	17.25	16.25	19.00	13.25	583	.68	.34	100.0	9.8	.50	3.0	.....	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning N	32.75	- 1.75	- 5.1	34.88	32.75	37.00	28.88	5,496	1.85	1.05	76.2	8.3	1.40	4.3	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	16.13	1.00	6.6	16.13	15.00	16.50	12.50	458	1.25	.91	37.4	15.4	.16	1.0	.....	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.0	- 16.7	.52	- 24.6
Pope & Talbot N	17.00	- 1.75	- 9.3	18.88	16.75	21.50	15.25	209	.35	.27	29.6	NE	.80	4.7	.....	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp N	33.50	- 1.00	- 2.9	35.13	33.50	38.13	28.00	1,341	.87	.38	128.9	13.4	1.56	4.7	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	35.88	- 1.38	- 3.7	37.50	33.25	40.00	25.50	4,712	2.07	.69	200.0	11.9	.92	2.6	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	11.63	- 1.63	- 12.3	13.50	11.13	18.50	11.13	2,129	2.29	1.51	51.7	NE	.00	.0	.....	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works N	28.25	- 1.38	- 4.6	30.00	27.63	31.38	23.88	2,342	.84	.51	64.7	10.5	1.04	3.7	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	17.13	- 2.13	- 11.0	19.38	17.13	19.38	13.97	651	.76	.49	55.1	9.5	.68b	4.0	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	29.38	.25	.9	29.63	28.63	31.25	22.63	497	1.20	.53	126.4	8.7	1.00	3.4	.....	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp N	38.13	- .13	- .3	39.75	37.75	44.50	26.38	6,216	1.87	.83	125.3	6.6	1.68	4.4	.....	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim N	34.00	- 1.63	- 4.6	35.38	32.50	39.25	26.75	6,456	3.07	1.78	72.5	6.9	1.40	4.1	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	12.25	- 1.50	- 10.9	13.75	12.00	16.88	5.50	757	2.43	1.28	89.8	13.8	.08	.7	NEW	fiscal	06-85	21.3	80.5	.5	66.7	.23	76.9	82.7	98.3	2.2	120.0	.89	122.5
Weyerhaeuser N	26.50	- 2.25	- 7.8	29.00	26.50	34.00	25.88	16,427	1.26	.59	113.6	21.9	1.30	4.9	.....	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

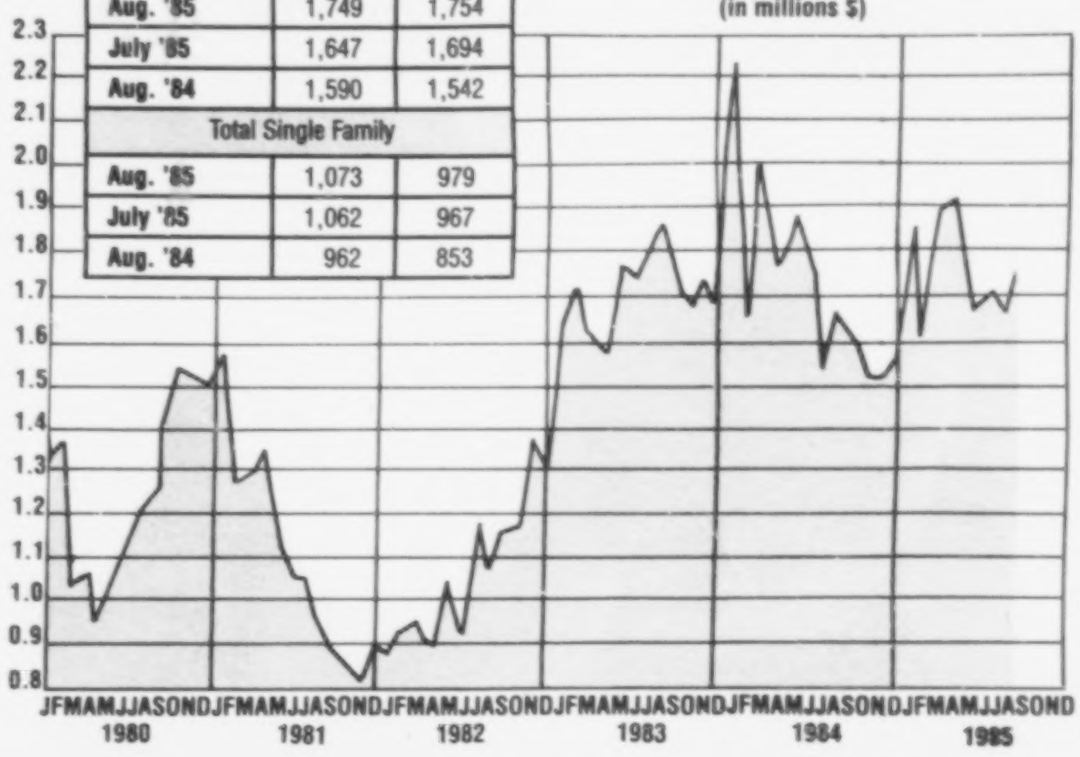
HOUSING WATCH

TOTAL (in thousands)	Starts	Permits
Aug. '85	1,749	1,754
July '85	1,647	1,694
Aug. '84	1,590	1,542
Total Single Family		
Aug. '85	1,073	979
July '85	1,062	967
Aug. '84	962	853

U.S. housing starts

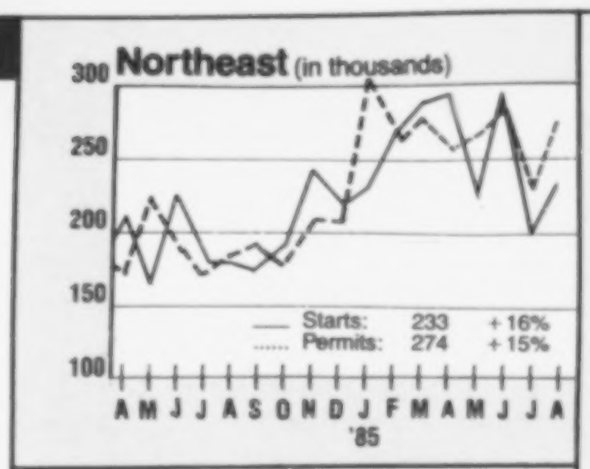
Seasonally adjusted annual rates

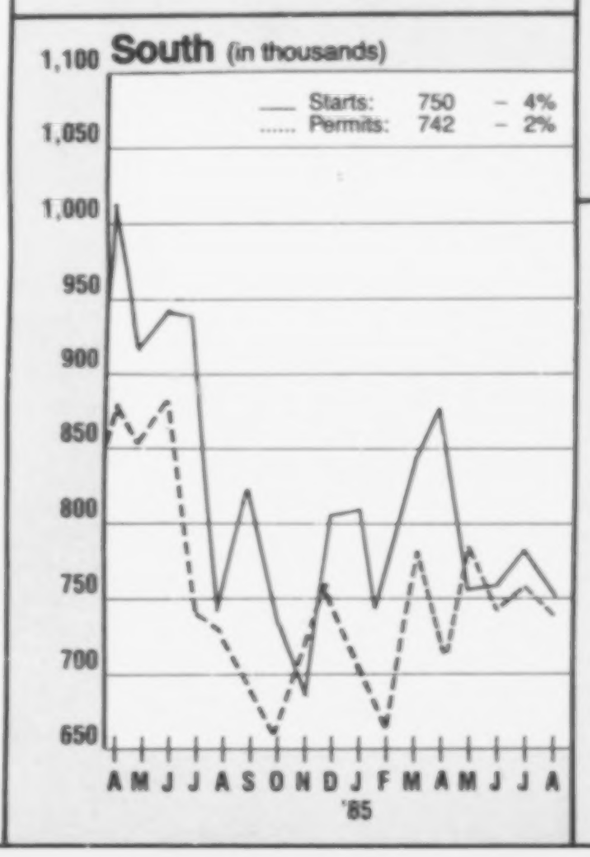
(in millions $)

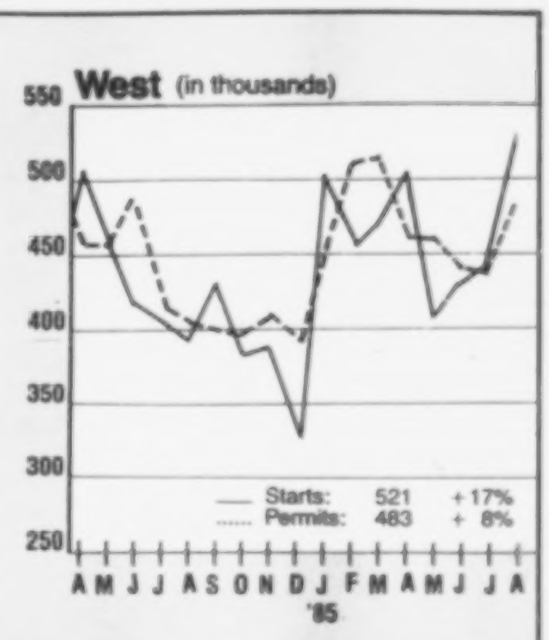


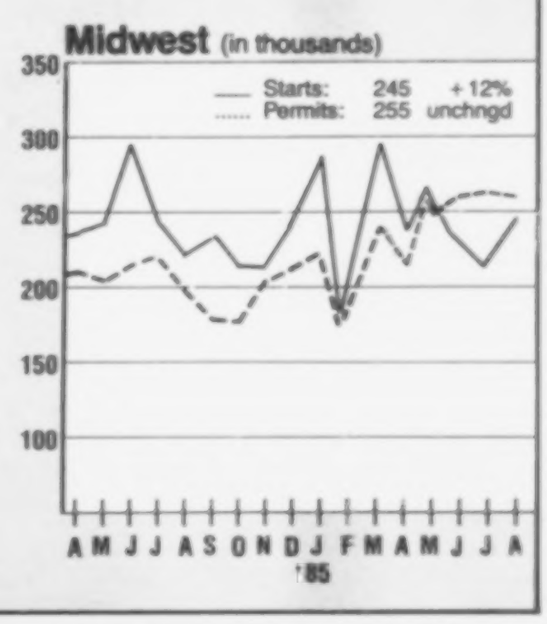
Multihousing builders breathed "a vast sigh of relief" when they reviewed August's housing starts figures, according to George Sternlieb, director of Rutgers University's Center for Urban Policy Research. The 6% increase in activity was particularly good news to builders in the Northeast where construction continues to boom and real estate investment is high.

Source: U.S. Dept. of Commerce, Bureau of the Census









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Starts jump 6% in August to 1.7 million units

NATIONAL REPORT — Housing starts in August jumped 6% to a seasonally adjusted 1.7 million units "indicating that housing is in a very sturdy condition," asserted George Sternlieb, director of Rutgers University's Center for Urban Policy Research in New Brunswick, N.J.

"One thing is very, very clear," he commented, "America's love affair with housing is far from over." But, he cautioned, "If this is the locomotive we've been looking for, it's going to need a little more help."

He noted that declining interest and mortgage rates were expected to ignite new construction activity and subsequent sales this year, but that has not occurred. "If you back away and look at the big picture, the August results were modest," he noted.

Permit activity, however, continued to outpace starts in August, to a seasonally adjusted annual rate of 1.75 million units, an increase of 4%. Both single-family permits and starts activity inched up 1% in August, to 979,000 and 1.07 million units, respectively, according to the U.S. Commerce Department.

The "hottest" housing market continues to be the Northeast, which rebounded from July declined 31% and 14% in starts and permits, respectively. In August, this region produced 233,000 units or a 16% starts increase, permits were ahead 15% to 274,000.

The South, which has had a see-saw-pattern of activity this year, was the only region to post a decline in both starts and permits. It recorded a 4% starts decline, to 750,000 units, seasonally adjusted, and a 2% drop in permit activity, to 742,000 units, in August, the Commerce Department reported.

After a more than 6% drop in housing starts in July, the Midwest posted a 12% gain in August, to 245,000 units, seasonally adjusted. Permits were off slightly, at less than one-half of 1%, at 255,000 units, seasonally adjusted.

The West up 17% in housing starts, to 521,000 units, and 8% in permits, to 483,000 units.

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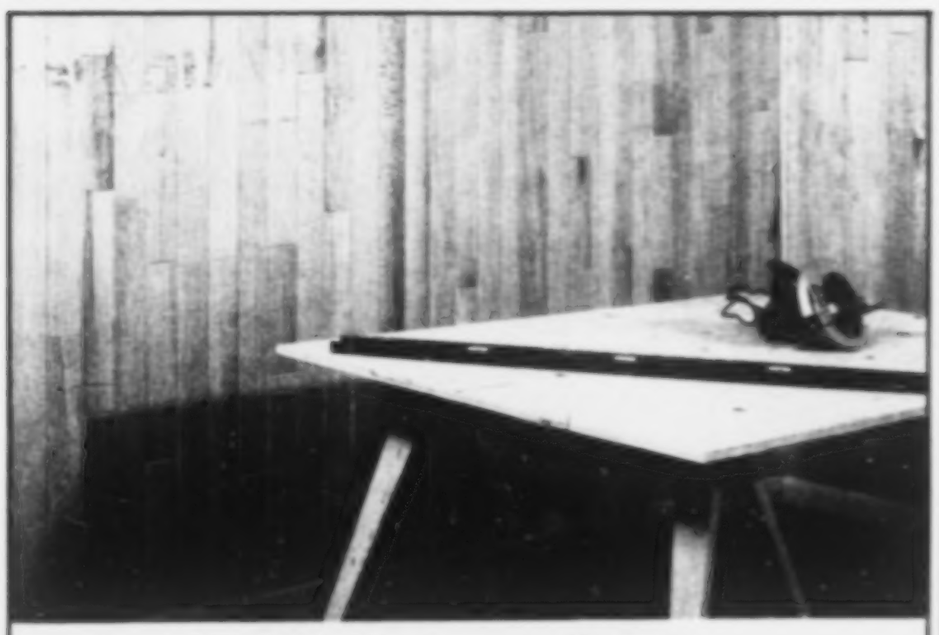

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LUMBER REPORT

New foe bugs southern lumber; beetles gnaw 800M board feet

(Continued from page 4)

demand.

Frank Norris, editor of *The Southern Timber Mart*, a newsletter that follows southern commodity prices and futures, said stumpage prices for southern yellow pine, for example, have dropped from $125 per thousand board feet to $65 this season. In Texas, the department of forestry supports Norris' analyses, reporting that timber has gone from $160 per thousand board feet to $25 during the month of August.

However, *Random Lengths*, the monitor of plywood and lumber prices in the continent, reports that the price of wood is expected to rebound in the South due to repairs and lumber demand following the wake of Hurricane Elena last month.

Part of the problem with the Southern pine beetle stems in its lifecycle. Among the insect world, the bug has the slowest metamorphosis, growing from egg to larvae to adult in about a month. But what it loses in maturation, it makes up for in desolation. The bug can kill a healthy tree in just three days by boring in through the bark and preying on the nutrient rich underskin that feeds the tree. For timber growers, that means increased business costs, for once a tree has been killed, a landowner has approximately six months to cut it and get the log to a mill before the sap makes the wood worthless.

For both big and small landowners, the attack of the pine beetle is nothing less than a 20 or 30 year investment going to waste. While the bigger companies are more advantaged by having crews and mills to immediately cut the infested timber, small landowners bear the cost of paying someone to cut the trees. In some cases, they even have to pay to have someone take the wood away.

Even if they make it to the mills, the operators may reject the timber, according to Gus Nachod, chief of forest management for the Louisiana Forest Commission. Nachod explained that because the pine beetle carries a fungus that turns the wood blue, many mill operators have become picky about the wood they buy from the landowner. If the wood is blue stained, it increases the bleaching costs for integrated mills in making pulp for paper and in producing fresh plywoods.

Up to now, the retail cost of lumber has not been noticeably affected by the pestilence. A check with lumber buyers at some major home center chains—Payless Cashways, Lowe's and Scotty's—shows that the purchase price of commodities have held steady throughout the summer and there has been no appreciable impact of the beetle infestation problem on retail sales or purchases.

One reason advanced for this has to do with the high percentage of lumber stocks retailers buy from Canada and from wholesalers in the Northwest.

Another reason suggested for the minimal impact of the pine beetle on retail activity stems from the view that most of the bug-killed salvage lumber is sold and used within the states where the tree grew. Bob Slocum, who heads the private woodlands program for the National Forest Products Association, said it is rare that infested wood is shipped out of state because of the existing glut and the suspect quality of infested lumber.

While the impact on retail prices may be slight, the long term affect of the beetle is still being assessed.

While no one is worried that American timber supplies are in peril since the extent of the infestation has been meager in proportion to the amount of untainted forest, the USFS believes that with the coming of fall and the cooler temperatures the infestation will move into Georgia, Florida and South Carolina. The pine beetle, which seems to launch a major outbreak evey eight to 10 years, thrives in cooler temperatures. But unlike recent years, the current assault is the first time the bug has prospered during this unseasonably warm summer.

Ken Swain, of the USFS of Atlanta, said foresters have learned to control the bug, to some extent, through "cut and leave" harvesting. He said once the logs are left on the ground horizontally, the insect becomes disoriented and seems unable to focus in on the vertical silhouettes it needs to strike a new tree. Swain said another unusual feature about the current problem is that the pine beetle's natural predators have been able to keep the insect in check.

In the meantime, the Sierra Club has filed suit in Texas and Louisiana to halt the cut and clear methods of saving the forest. The environmental group chargest that a species of woodpecker that lives in dead pine trees is threatened by the harvesting methods.

FUTURES

Two weeks ended Sept. 12, 1985

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

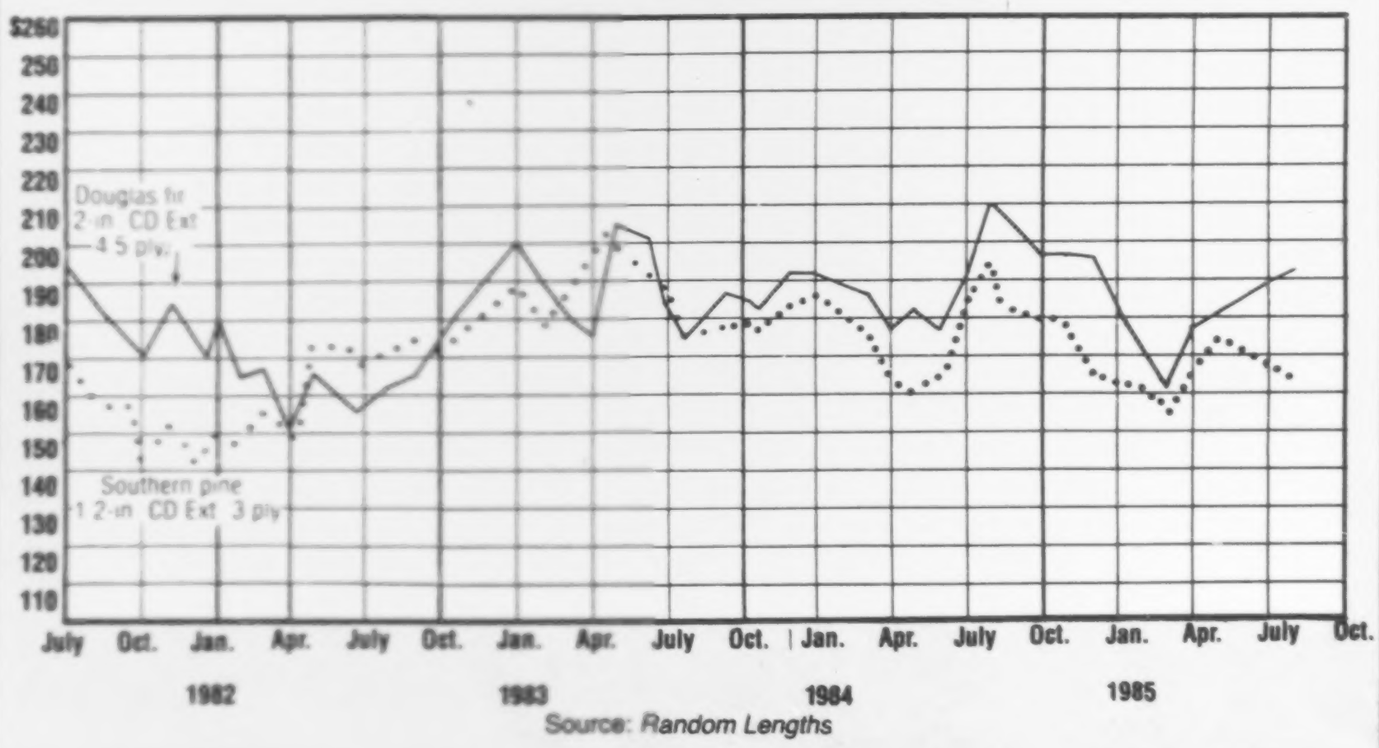
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Sept. '85	152.00	139.50	150.70	139.00	327	197.50	127.80
Nov.	138.80	133.60	138.60	135.20	3,960	186.10	126.50
Jan. '86	141.50	137.50	140.90	138.30	1,760	187.30	133.60
March	145.80	142.70	144.90	144.10	827	195.00	139.70
May	150.50	147.20	148.70	149.30	362	176.40	145.20
July	154.60	151.10	151.80	153.00	92	183.40	149.50
Sept.	158.00	154.00	155.50	156.00	71	180.00	153.50

Total Contract Vol. (Through 9/12): 12,041 — **Previous Two Weeks: 15,587**
Total Open Interest (As of 9/12): 7,399 — **Previous Week: 8,412**
Cash Price: $151.90 — **Previous Week: $146.02** — **Year Ago: $132.20**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Sept. 12
Open interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Source: *Random Lengths*

The composite price for plywoods held firm throughout much of the summer, reflecting the continued demand for the product by wholesalers and retailers. Although there was a slight decline in the price of the commodity, demand is expected to remain strong into the fall.

Prices for western ½-in. CD ext. three-ply dropped $2 to $174 per thousand board feet.

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ADVERTISING & MARKETING

TV spending leaps 43% in first half of '85

NATIONAL REPORT — During the first six months of 1985, 15 home center companies spent over $17 million on TV advertising. That is 43.5% more than during the same period last year, according to the Television Bureau of Advertising.

The increase in TV ad spending went hand in hand with the opening of new stores, as several warehouse and home center companies, adding units to existing markets, made buying TV time more economical. Television grand opening campaigns heralded the arrival of warehouse companies into new markets. Houston, Chicago, Cleveland and Nashville saw the battle for market share played out on TV. Traditional companies switched their advertising priorities to TV, or experimented with TV in their home markets for the first time in order to strengthen their existing positions.

Pay 'N Pak, based in Kent, Wash., increased its TV ad spending by 6,270% in the first six months of 1985 compared with the same period last year, as it prepared to open multiunits in the San Francisco market.

On the West Coast in general, major chains braced for the onslaught of The Home Depot and Builders Square and channeled advertising funds into buying TV time, particularly in the southern California market.

In Los Angeles, Ole's Home Centers, part of W. R. Grace's Western Region, increased its TV ad spending by 39% to $902,700, and National Lumber based in Santa Ana, Calif., spent 13% more on TV ads in Los Angeles than in the first half of 1984, for a total of $1,048,000.

Wickes Cos., based in Santa Monica, Calif., appeared to shift funds from the TV ad budget of Wickes Lumber, the company's Midwest chain, into Builders Emporium, based in Irvine, Calif. In the first half of 1984 Wickes Lumber spent $473,900 on TV advertising but in 1985 this figure had dropped by 90% to only $47,000. Builders Emporium however, embarked on an aggressive TV ad policy in 1985, spending 105% more on TV than in the first half of 1984, with a total of $1,586,800.

Payless Cashways, based in Kansas City, Mo., topped the list of TV ad spenders, as it has for the past several quarters,

(Continued on page 24)

TV advertising expenditures

(1st half of 1985)

Chain	Market	Expenditures Jan./June 1985	Expenditures Jan./June 1984	% Change
Payless Cashways	Multimkt.	$3,937,100	$2,918,900	+ 35.0%
Payless Cashways	Multimkt.	1,971,100	1,246,400	+ 58.0
Furrow's	Multimkt.	1,403,700	1,128,400	+ 24.0
Lumberjack	Sacramento	388,800	388,400	– 0.1
Somerville	Boston	173,500	155,700	+ 11.0
Home Depot	Multimkt.	2,259,700	1,302,500	+ 73.0
Wickes Cos.	Multimkt.	1,633,800	1,248,400	+ 31.0
Builders Emporium	Multimkt.	1,586,800	774,400	+ 105.0
Wickes Lumber	Multimkt.	47,000	473,000	– 90.0
Builders Square	Multimkt.	1,199,500	599,300	+ 100.0
Lowe's	Multimkt.	1,108,000	751,500	+ 47.0
National Lumber	Los Angeles	1,048,000	925,000	+ 13.0
Hechinger Lumber	Multimkt.	992,000	804,200	+ 23.0
Mr. HOW Warehouse	Multimkt.	976,600	—	—
Sutherland Lumber	Multimkt.	909,100	1,679,600	– 46.0
Ole's Home Centers	Los Angeles	902,700	650,700	+ 39.0
Plywood Minnesota	Multimkt.	774,500	708,400	+ 9.0
Pay 'n Pak	Multimkt.	681,600	10,700	+ 6,270.0
Rickel	Multimkt.	525,000	—	—
Mr. Goodbuys	Multimkt.	441,400	516,800	– 15.0

Source: Television Bureau of Advertising, from Broadcast Advertisers Reports data; *NHCN* chart

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Easy-handling. Each saw is lightweight and well-balanced with features like automatic chain oiling and anti-vibration for the long haul.
Warranty Breakthrough. Toss in the industry's strongest limited warranty and you're looking at a winner that's built to last. Just like Dick Butkus.
See the full line of ECHO chain saws, power blowers, and grass trimmers. Visit your local dealer today. There's bound to be an ECHO in there.
18" CS440EVL Now!
ECHO

Former football player Dick Butkus will appear in Echo's print, radio and television ads beginning this fall. The ads will feature the tag line "Startin' Easy."

Football star named for Echo ads, but gargantuan size poses problems

LAKE ZURICH, Ill. — When Echo announced that its new corporate spokesman was Dick Butkus, the expectation was that he would create a strong, tough and durable image that would carry over into the consumer's perception of Echo products. What Echo didn't expect was that Butkus would be so big that his presence would overpower the products in ads.

"When you put the product in his hands, it looks like he is holding a toy," said Steve Cartozian, marketing manager of Echo, after being asked why his company's new spokesman is not shown in print ads using or holding the products. "He literally dwarfs the product."

But his size and image were exactly what Butkus was hired for, and the proportion problems were worked out by superimposing the power tools in front of Butkus in the print ads and by cropping close on the product in the TV spots.

Butkus beat out Jack Nicholas and Merlin Olson in test marketing studies to determine which one of the three pre-

(Continued on page 26)

Hyde sales reps report for duty in national war games exercises

SOUTHBRIDGE, Mass. — Dressed in army fatigues and camouflaged hats, over 60 "privates" in the Hyde Tools Sales Brigade assembled at 14:00 hours on June 22, for War Games '85.

The HQ for the company's national sales meeting was the Southbridge Sheraton, and 1985 was the first year that the meeting was conducted in military-style.

At 12:00 hours on Sunday, June 23, the troops, armed with camouflaged pens, were briefed on the national profile of buyers' needs. The next item on the agenda was "field training." The privates were formed into special squads, or task forces and given case histories, photos and details of a retail store and its personnel. The operation required each squad to select two volunteers to role-play buyer and sales rep at the end of the War Games session. Each squad was graded by its superior officers.

"The mission of the meeting was to train the reps to make an effective presentation and not waste the buyer's time," said Drill Instructor Don Cummings, whose civilian duties are as marketing director for Hyde Tools.

The height of the War Games came at 10:00 hours on Monday, June 24, when troops were broken into "operational detachments" to receive hands-on training or "weapons training." The weapons: Hyde tools.

"We want our reps to know more about Hyde's tools than just pricing and programs," said Cummings.

The Sheraton hotel became an operations center, full of cement, bricks, dry wall and wallpaper as the troops went into action. After viewing an audio-visual "How to Do It" film, each detachment had to lay brick, cement, erect dry wall and hang wallpaper using the appropriate tools; in effect, create a little

(Continued on page 26)

Chicago firm backs Cub father/kid game

CHICAGO — Who's 10 times cuter than Pete Rose ever thought about being, debuted as a rookie in the same field where Rose tied Ty's hitting record, and can wrap a certain Chicago Cub around her little finger?

Her name is Sheena Bowa, daughter of former Chicago Cub and now New York Met Larry Bowa, and she, along with the daughters and sons of other Cubs players, took on their fathers in an exhibition game on Aug. 4.

The kids must have checked with some of the other major league teams for tips because they beat their dads 16-3 in the game, sponsored by Joseph Lumber.

The first father/kid game was sponsored by Joseph last year, and according to Joseph's ad director Joe DeStefano, the company plans to make the game an annual event.

The game is played before one of the Cubs' home games, and during the game, Joseph is credited with being the sponsor of the father/kids game.

Sheena Bowa picks up some batting tips from her father, former Cub Larry Bowa, during a father/kid game sponsored by Joseph Lumber. The kids beat the fathers 16 to 3, proving that the Cubs' pitching woes have reached all levels of competition.

According to DeStefano, the company decided to tie into baseball because it wanted to tie-in with something that was directly related to the Chicago area. "The Cubs are the neighborhood team, and we are the neighborhood dealer," said DeStefano.

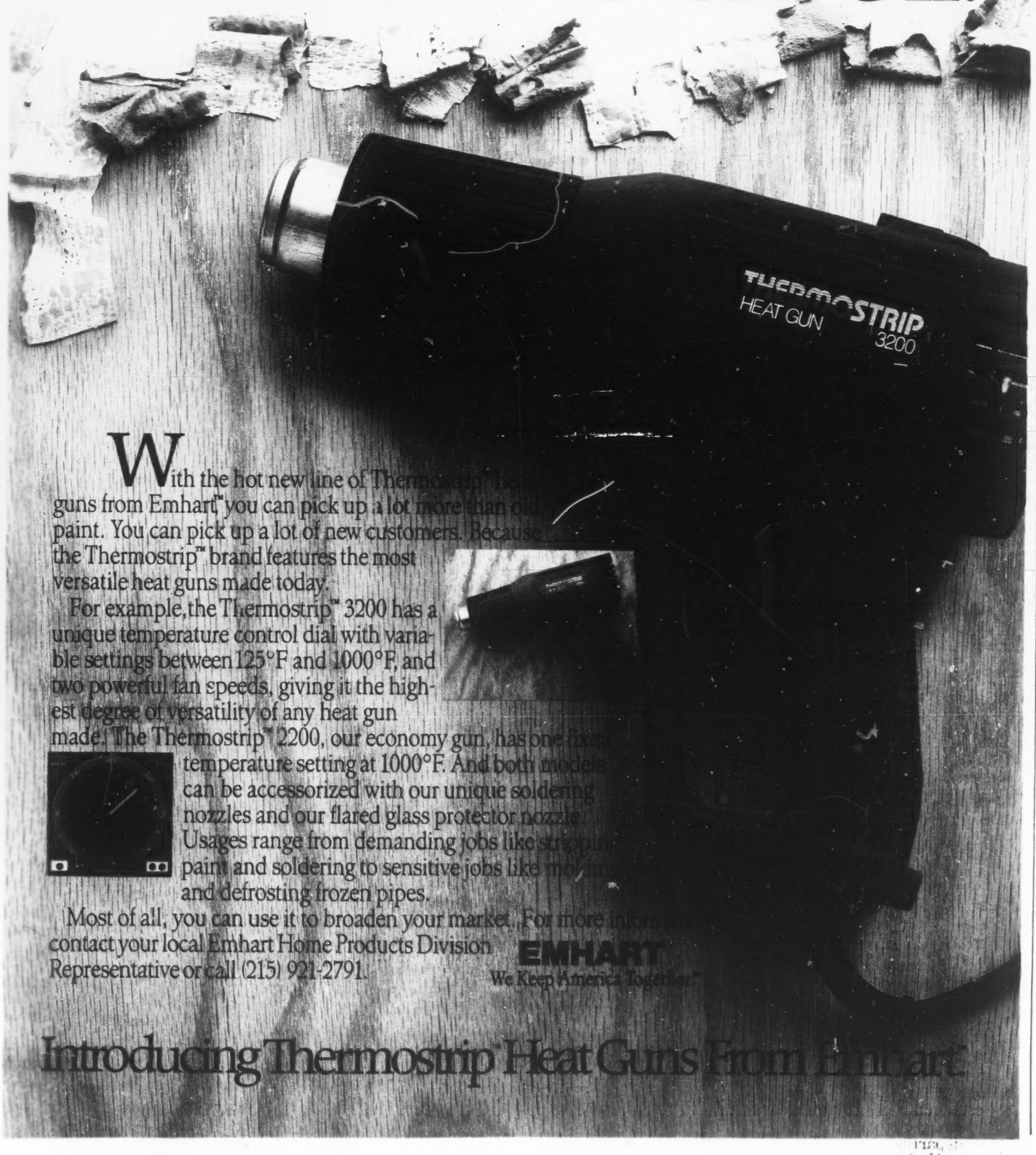
To reinforce that relationship between the Cubs and Joseph Lumber, the store advertises in the Cubs' program and uses the Cubs' logo in its advertising.

Although DeStefano said the stores see no big jump in sales after the game, customers mention it when they come in to shop.

AD ANGLES

SCHOOL DAYS. *Triangle Building Centers, Quakertown, Pa., The Home Depot, Phoenix, and Furrows, Columbus, Ohio, used the back-to-school season to promote sales on items such as pine book cases, computer desks, desk phones and metal shelves.*

This New Product Is Guaranteed To Take Off.



With the hot new line of Thermostrip™ heat guns from Emhart™ you can pick up a lot more than old paint. You can pick up a lot of new customers. Because the Thermostrip™ brand features the most versatile heat guns made today.

For example, the Thermostrip™ 3200 has a unique temperature control dial with variable settings between 125°F and 1000°F, and two powerful fan speeds, giving it the highest degree of versatility of any heat gun made. The Thermostrip™ 2200, our economy gun, has one fixed temperature setting at 1000°F. And both models can be accessorized with our unique soldering nozzles and our flared glass protector nozzle. Usages range from demanding jobs like stripping paint and soldering to sensitive jobs like molding and defrosting frozen pipes.

Most of all, you can use it to broaden your market. For more information contact your local Emhart Home Products Division Representative or call (215) 921-2791.

EMHART
We Keep America Together.™

Introducing Thermostrip™ Heat Guns From Emhart™

TV ad spending leaps 43% in 1st half of '85

(Continued from page 21)

with almost $4 million invested in TV campaigns between its Payless, Furrows, Lumberjack and Somerville Lumber stores. It increased total TV ad spending by 35% over the same period in 1984. Through the Furrows chain it spent heavily in the Houston market, where it encountered intense competition from both Builders Square and The Home Depot.

The Home Depot, based in Atlanta, continues to increase its TV ad budget as well with its stores' $2,259,700 expenditure, up 73% from the January to June period in 1984. The increase was, in part, due to buying TV time in Houston

Builders Square, based in San Antonio, is now in 11 markets and had a 100% increase in its TV ad spending in the first six months of 1985, rising to $1,119,000 as it entered the new and "semiexpensive" markets (according to executive vp Jud Walford), of Detroit and Cleveland.

Mr. HOW Warehouse, based in Margate, Fla., is a newcomer to the top 15 list of TV advertisers from last year. By the end of June, the company had run $976,000 worth of TV advertising in 1985, mainly in the Chicago, Nashville, Cincinnatti, Tampa and Virginia markets, where the chain has multiple units.

Lowe's, based in North Wilkesboro, N.C., follows a similar policy of advertising on TV only when it has a threshold number of stores in the market. As it pursued its expansion policy in 21 states, its TV ad spending rose 47% in the first half of 1985. It also began TV advertising earlier in the year than its normal routine, according to Ralph Buchan, director of advertising.

Another newcomer to the leading home center TV advertisers list this first half is Rickel Home Centers, based in South Plainfield, N.J.

"We spent almost a half million dollars on TV, testing the Philadelphia and New York markets," said Will Vachon, executive vp.

The TV ad spending figures are compiled by the Television Bureau of Advertising, from Broadcast Advertiser Reports (BAR), which monitor the top 75 markets on a 1- in 4-week basis. The figures do not include co-op ad dollars, which are credited to manufacturers.

MERCHANDISING Special Report: The 1985 *NHCN* Consumer Top Brands Study

Consumer buying habits shaped by name brands and value

Consumers appear willing to spend more for brand name home improvement products, although less so among those who are attracted to home centers than either department stores, hardware stores or discount outlets.

In a new study of consumer buying patterns and brand awareness, the correlation between the market profile of a given product and the level of advertising and promotional support it receives from both supplier and dealer was again made clear.

However, the survey also showed that at least 4 out of every 10 consumers said they were "not so well informed" about brands, with an even higher percentage of home center and hardware store shoppers expressing some bafflement or lack of awareness about branded products.

Significantly, these same home center shoppers thought home centers did a better job of educating their customers about brands through in-store displays rather than costly media promotions.

In fact, nearly half of those respondents who thought home centers were the place to shop for brands indicated that some, if not all, of a home center's private label merchandise was as good as or better than nationally advertised products in terms of quality and/or value. On some items—such as hand tools and power tools—a store's name and reputation were of equal importance to a consumer's buying decisions as brand.

These findings are to be found in *NHCN*'s Top Brands Study 1985, conducted for the third consecutive year by Leo J. Shapiro & Assoc., a Chicago-based research firm.

The 424 participating consumers in this year's survey, all of whom spent $40 or more on home improvement products in the past 12 months, were drawn from a national sample, and their responses weighted so that data are projectable to the populations of all four geographic regions evaluated.

(For the purposes of brevity, the words "shopper" and "consumer" will be used to mean respondents in the study who identified a retail store as most likely to have a big brand selection. For instance "home center shopper" translates to that percentage of consumers polled in a category who named a home center as the likely shopping environment for branded items. The pattern follows for "hardware consumer," "Sears shopper" and so forth.)

For many consumers, brands signal a certain level of quality in a product, and "are really viewed as a kind of insurance policy when consumers are risking big dollars on a major project," said George Rosenbaum, a vice president with Leo J. Shapiro.

About 3 out of 5 consumers polled nationally indicated they were usually inclined to spend more for a brand they recognized, a ratio that jumps to two-thirds among those shoppers frequenting Sears/Wards, and to more than 60% among shoppers of hardware stores and "other" retail outlets such as discount and specialty stores.

The only respondent group under 60% were home center shoppers. In fact, more than two-fifths of these shoppers said they sought value when buying a product, regardless of brand name. Ironically, in *NHCN*'s 1984 Brands Survey, in which retailers, not consumers, were polled, dealers said they were increasing their reliance on brand name products, with about one-quarter claiming to be placing greater emphasis on brands, and close to 3 out of 5 adding a brand to at least one department in their stores (*NHCN*, Oct. 8, 1984).

The importance of brand and what brand implies to consumers varied only marginally from retail store to retail store in this year's survey. For example, home center shoppers purchased brands for quality, durability and product warranty, not much different from the reasons consumers of other retail stores chose branded items.

As expected Sears' lifetime guarantee on certain hard lines was identified by 1 in 7 of its shoppers as a reason why they buy certain brands in its stores, and more than 10% of shoppers patronizing hardware and "other" retail stores (e.g., discounters) identified brand with the reputation of a supplier.

About half of all consumers who would pay more for brands are home center shoppers. However, a sizable percentage of home center customers—more than 2 of 5 in the survey—are more interested in a product's "value," as manifested in either price, quality or need, than in brand.

Here is where home center shoppers' brand awareness and buying inclinations differ markedly from other consumers', although it appears that at least one-quarter of all consumers polled, regardless of their retail preference, find brand has no meaning for them.

One of seven shoppers who tend to shop at "other" stores said price, not brand, led them to buy a product. About 10% of hardware store patrons thought the "sameness" of certain products made brands irrelevant.

And an astonishingly high number of all consumers—more than 3 out of 5 nationally, and as high as 7 out of 10 among hardware stores, Sears/Wards and "other" shoppers—could give no reason why they chose "value" over "brand," except that they just do.

There is no question that consumers who shop all forms of retail outlets for home improvement products are more familiar with the brands they see most often in newspaper ads or television commercials.

However, this year's study reveals that consumers, by and large, have a pretty difficult time naming a hardware brand beyond Black & Decker, Sears' "Craftsman" and Stanley on their own, and are virtually at sea when asked to come up spontaneously with the brand name of a building product.

This appears to be true particularly among home center shoppers, who indicated they were less informed about brands in general than shoppers in any of the other retail groups listed in the survey.

And nearly half of all home center shoppers said they learned more about brands through a retailer's in-store signage and displays than through media advertising (see stories).

Significantly, when all consumers in the survey were asked to identify any brand of building product they could think of, the "brands" they evoked included Grossman's, 84 Lumber, Boise Cascade (apparently as a manufacturer and retailer), Lowe's, Sears, Wickes and Furrow, Payless Cashways' name in certain markets.

While only a miniscule percentage of consumers identified any dealers as brands, that they mentioned them *at all* shows how reliability of a store where products are bought can be as important to consumers as the brands these dealers sell.

However, past studies published in *NHCN* have shown that retailers have eschewed marketing commodities under their stores' names, for the most part, because they have found that once a consumer gets into his store of choice, he generally looks to buy national brands with which he is familiar (or made familiar by in-store displays), regardless of his unaided awareness.

It should be noted, too, that the survey showed home center shoppers to be a bit less sensitive to brand marketing than other consumers. In fact, half of those customers who shop in home centers said they thought a store's private label merchandise was as good as, if not better than, nationally branded products.

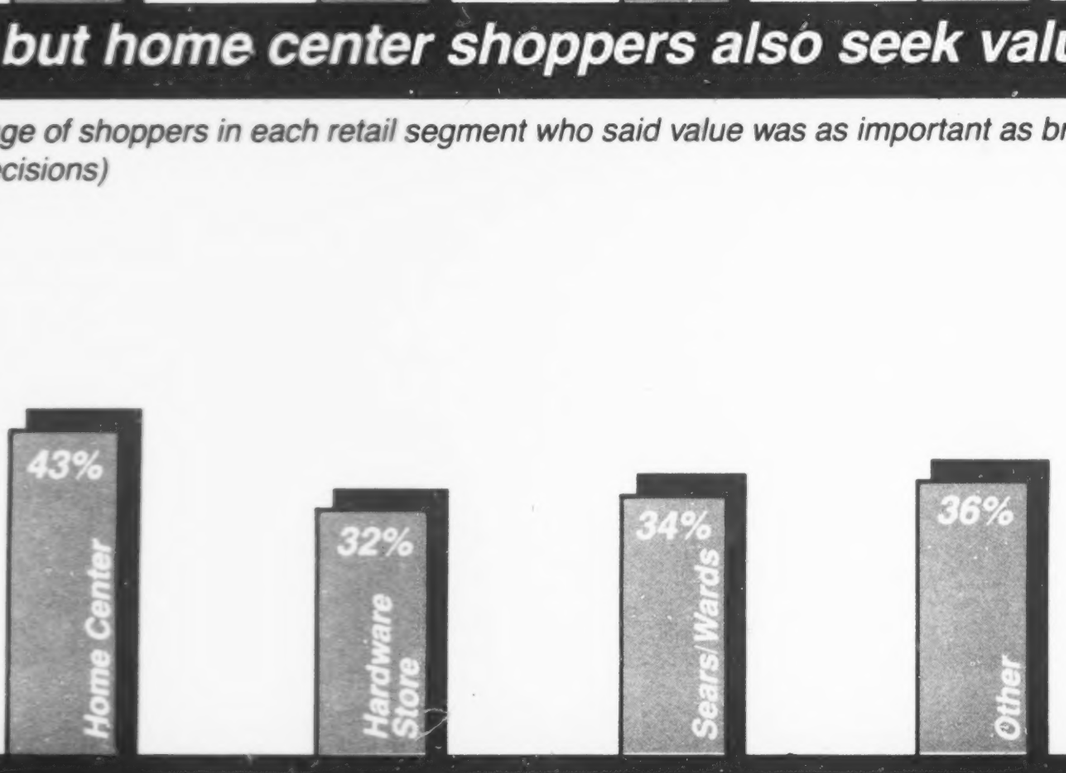
This finding would account for Sears' high unaided and aided response rate in virtually every product category in this year's Brands Study. But it also shows that home centers could be doing more to cultivate a stronger merchandising reputation in their stores among consumers, a considerable portion of whom are looking for more than what they see advertised on TV.

Consumers are willing to pay more for brands . . .

(Percentage of shoppers in each retail segment who said they would pay more for brands)

. . . but home center shoppers also seek value

(Percentage of shoppers in each retail segment who said value was as important as brand in buying decisions)



Consumers buy brand names for quality and durability

(Percentage of consumers who associate brand name products with given terms)

	Home Center	Hardware Store	Sears/Wards	Other
Quality	13%	17%	17%	22%
Durability	11	18	17	21
Guaranties	12	15	15	10
Reputation	9	11	9	12
Dependability	4	6	3	5
Service	4	5	1	4

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

NHCN's 1985 Top Brands Study

Buyers equate private/national brand quality

A high percentage of consumers say they want to buy brand name products in whatever retail store they shop. But there also appears to be a strong awareness among consumers about a store's private label merchandise and the quality of those products vis-a-vis national brands.

Half of the respondents polled in this year's *NHCN*'s Brands Study were aware that the stores they identified as having a strong brand presence in the market also carried private label goods. This awareness quotient increases to more than 8 out of 10 consumers who frequent Sears/Wards.

What is remarkable in the study's findings was the high regard consumers in general and home center shoppers in particular held for a store's private label products.

Private label brand awareness falls off, though, among those respondents in the survey who shop in hardware stores and home centers. In the case of home centers specifically, fewer than 4 in 10 shoppers thought these stores stocked private label items. This finding, though, is not that surprising, given the amount of promotion in the media and through in-store marketing these stores do for national brands.

What is remarkable in the study's findings was the high regard consumers in general and home center shoppers in particular held for a store's private label products.

Among all respondents, only around 1 in 7 thought that a store's private label brands were inferior to national brands. Less than 1 Sears/Wards shopper in 10 considered these stores' private label products beneath national brands. And even among home center shoppers, who are used to selecting from a raft of nationally advertised products, fewer than 1 in 5 considered a store's private label to be under a national brand.

Conversely, almost half of those home center shoppers said that some, if not all, of a home center's private label products were as good as or better than a nationally advertised product. This percentage even exceeded the 45% of those Sears/Wards shoppers who saw some of these retail stores' brands as being equal to national branded products.

However, Sears/Wards shoppers expressed far more confidence in the overall selection of private label brands in the stores they frequent than consumers in any of the survey's other retail segments. More than 4 out of 10 Sears/Wards shoppers thought that *most* private label products sold in these stores were as good as or better than national brands.

That response rate was considerably higher than the 28% of all consumers polled who felt most of the store-branded products were better than national brands, and the 22% of home center shoppers who said most of a home center's private label goods were above national brands.

One in three hardware store shoppers felt these stores' proprietary brands were equal to or better than nationally advertised merchandise.

When asked to identify which of a store's private label brands would be as good as or better than a national brand, consumers in this year's study identified, in order of response percentage, paint, hand tools and hardware/nails/screws. More than 1 out of 5 respondents named paint; 16% said hand tools.

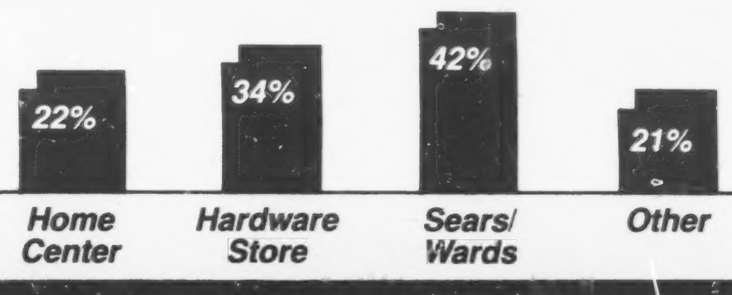
These products fell in the same order for home center shoppers with about the same percentage as the total consumer response naming paint as a strong private label brand.

A remarkable high 32% of those shoppers of "other" retail units such as discount stores and specialty houses also said paint.

One in three of Sears/Wards consumers thought hand tools were these stores' dominant private label product, followed by paint and power tools/chain saws. (Hardware store shoppers identified these three product categories as strong private label products for their retail group in the same order.)

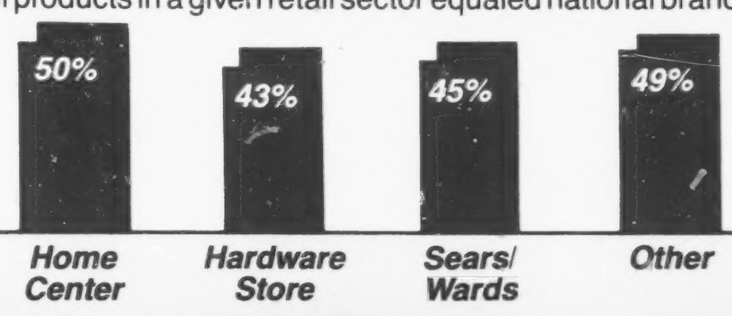
Two out of 5 Sears shoppers said most of its private label brands were as good as national brands . . .

(Percentage of respondents who said that most of the private label products in a given retail sector equaled national brands)



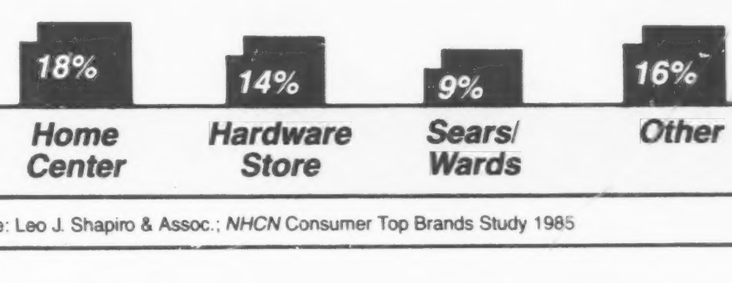
. . . And half of all home center shoppers thought that some of a home center's private label merchandise was equal to or better than national brands . . .

(Percentage of respondents who said that some of the private label products in a given retail sector equaled national brands)



. . . While fewer than 1 in 5 home center customers felt that private label products sold in a home center were inferior to nationally branded items.

(Percentage of respondents who said that few of the private label products in a given retail sector equaled national brands)



Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

Light bulbs shine in spontaneous brand recognition

Consumers appear to draw a blank when asked in general to name a brand of "hardware" or "building materials." However, as is evident in a recent national survey, they have a much easier time coming up with a brand name when asked to identify one within a specific product category.

In fact, brands such as General Electric, Black & Decker, Armstrong, Andersen and Owens-Corning registered relatively strong brand awareness among consumers.

But, consumers were strongly acquainted in only a handful of the 24 product categories evaluated in this year's *NHCN* Brands Study. They may know the names of three or four power tool products, for example, but are unable to divine a single lighting fixture brand.

These findings were part of a study conducted this summer for *NHCN* by Leo J. Shapiro & Assoc., a Chicago research firm, in which the brand awareness of 424 consumers who spent at least $40 on home improvement products last year was measured. Their responses are nationally projectable to all U.S. households with the same DIY expenditure level.

When all 24 product categories are assessed aggregately, only around 1 in 10 consumers typically could name a brand spontaneously. However, "pocket" categories—such as power tools, hand tools, lawn mowers, light bulbs and paint—received high brand awareness levels. And, in certain other categories, one brand name emerged as the awareness leader.

Without promoting, 8 out of 10 consumers could identify General Electric as a light bulb brand when asked to name a brand in that category. And when asked to specify a power tool brand, 6 of 10 said Black & Decker, while more than 4 respondents of 10 named Sears/Craftsman.

Significantly, the "Craftsman" brand showed up in a number of categories, such as paint, lawn mowers, water heaters and hand tools, which testifies to the strong brand and store presence Sears has been able to develop.

Similarly, Armstrong was a brand known by close to 40% of all consumers as a floor covering; and one-third of the study's respondents could name Andersen as a window brand and Owens-Corning as a brand of insulation without being told the name.

It should be noted, though, that the study also showed a number of product categories—lighting fixtures, doors, plumbing fixtures, kitchen cabinets—in which brand awareness, at least on an unaided basis, is virtually nonexistent among the majority of consumers polled.

The franchise in their brand names that certain suppliers have attained appears to be prescribed to those products with which DIYers have the most familiarity in using. Conversely, on building materials (with the exception of O-C's brand), consumers do not appear to pay much attention to brand. It is with products like these that awareness that a store carries the merchandise figures more prominently in a consumer's buying decision than brand.

Spontaneous Consumer Brand Awareness

The TOP 20
in home improvement products

Brand	Product Category	Households* naming brand unaided
1 General Electric	Light Bulbs	80%
2 Black & Decker	Power Tools	64
3 Sears/Craftsman	Hand Tools	41
4 Armstrong	Floor Covering	38
5 Sears/Craftsman	Power Tools	36
6 Andersen	Windows	34
— Owens-Corning	Insulation	34
— Stanley	Hand Tools	34
9 Sherwin Williams	Paint	24
10 Sears/Craftsman	Lawn Mowers	23
11 Genie	Garage Door Openers	22
— Westinghouse	Light Bulbs	22
13 Glidden	Paint	21
14 Delta	Faucets	20
— Lawnboy	Lawn Mowers	20
— Sylvania	Light Bulbs	20
17 Sears/Craftsman	Water Heaters	19
18 Sears/Craftsman	Paint	17
— Toro	Lawn Mowers	17
20 McCulloch	Chain Saws	16

*Households having spent at least $40 on home improvement products in past year. Consumers were asked for specific product categories, "Which brand comes to mind when you think of . . . [e.g., hand tools]?"

Source: Leo J. Shapiro & Associates for *NHCN*; 1985

Survey queried views of 424 DIY consumers

The *National Home Center News*' 1985 Top Brands Study is an examination of consumer brand awareness for a variety of home improvement products. It also gauges to what degree consumers associate a particular brand with the store in which it is sold, as well as how effectively brand promotion by dealers and suppliers is working.

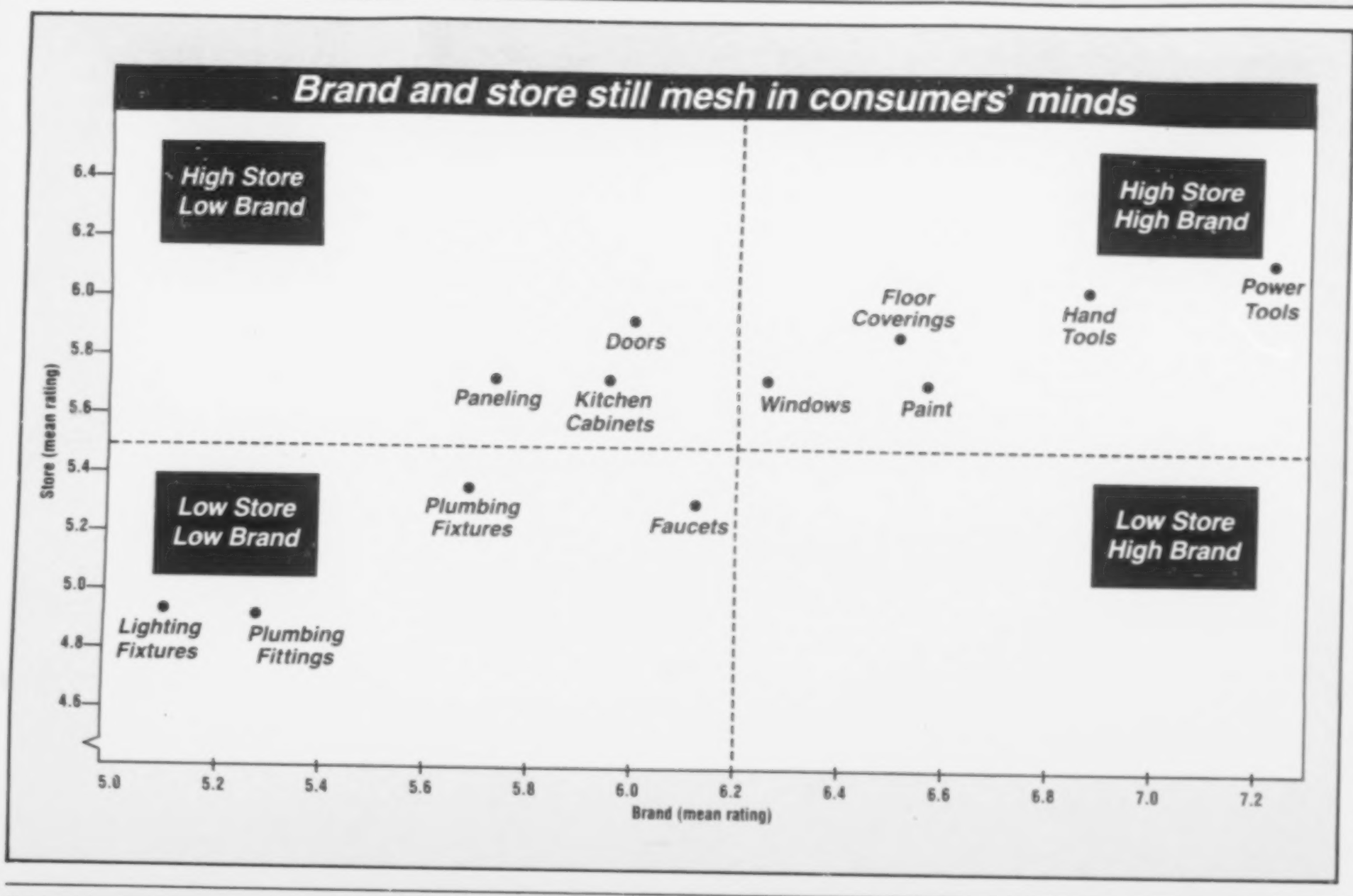
The study was conducted for *NHCN* this August by Leo J. Shapiro & Assoc., a Chicago research firm. Its results are nationally projectable to all U.S. households that spent $40 or more for a home improvement product over the previous 12 months.

Four hundred and twenty-four consumers fitting this criterion participated in this year's survey. Their demographic profile included close to 80% owning their own place of residence; about half were male, and 84% white; the mean household income of a typical respondent was $29,300; and the median age of those polled was 36.6 years.

The study essentially is divided into two sections. In the first, all participating respondents were asked to identify

(Continued on page 32)

NHCN's 1985 Top Brands Study



Consumers find brand and store important in buying decision

The chart to the left breaks down consumer brand awareness, as recorded in this year's brands study, into four quadrants that group together the level of brand importance in a consumer's buying decision with the importance of where the product is purchased. The chart, whose mean ratings go from a low of one to a high of nine, shows that:

- High brand/high store—In five of the 12 products evaluated, consumers placed a premium on the brand they bought and where it is acquired. These products allow dealers to cultivate a high-powered image for their stores in conjunction with their merchandise.
- High store/low brand—Three product categories were identified by consumers in the study as bearing brand names of considerably less consequence to a shopper's buying choice than where the merchandise is sold. That the three categories are building products illustrates a finding in the survey of low consumer brand awareness for all but a few commodities.
- Low store/low brand—These four categories—heavily promoted by virtually all home improvement dealers—also carry brand names of lesser importance to consumers. However, respondents in the study also indicated that where they buy these products doesn't matter much, either. These are generally products that are high-traffic items in stores, sold with little sales help.
- Low store/high brand—That none of the product categories fell into this quadrant demonstrates that a high profile brand name, no matter how often it is promoted, is not enough to carry the sale in a store whose reputation registers low with consumers.

Survey queried 424 consumers

(Continued from page 31)

which home improvement store—a home center, a hardware store, Sears/Wards, or "other" including discounters and specialty stores—they thought of as likely to have a big brand selection.

Those polled were then asked to name a brand in each of 24 product categories these stores were likely to stock. Here, consumers were given no hints of brand names, but allowed to respond spontaneously about their brand awareness in each of the categories.

Their answers are broken down geographically (North, South, East, West); by three ranges of how much each consumer spent for a home improvement project over the past year; and by whether these consumers were planning a DIY project, or had conducted one over the past 12 months.

In the second part of the study, a respondent subgroup—which, in most cases, equalled 218 consumers—was given the names of selected brands in 12 product categories (of which 10 are reprinted here), to test how well consumers responded to brand names once they heard them.

The survey also evaluates the importance of advertising, both media and in-store, on consumer brand awareness for each of the retail store segments. And awareness of a store's private label brands.

NHCN's 1985 Top Brands Study

In-store signage rates high as informative tool

Consumers usually say they learn more about brands from advertising than from in-store information . . .				*. . . except when it comes to home centers*
(Percentage of consumers describing where their awareness of brands from stores derives)				
	Hardware Store	Sears/Wards	Other	Home Centers
Advertising	51%	57%	43%	41%
Signs/In-Store Information	35	34	31	46
Both	4	9	8	5

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

At least three quarters of all consumers polled in a recent national survey thought the store they shopped for home improvement products was "doing enough" to inform them about the brands the store carried.

But, while close to 60% of those polled described themselves as being well informed about their stores' brands, more than 4 out of every 10 consumers indicated that they were "not so well informed," a sentiment that appears to be even more prevalent among shoppers of home centers and hardware stores.

These findings are derived from a survey of consumer brand awareness conducted for *NHCN* by Leo J. Shapiro & Assoc. based in Chicago. The results are nationally projectable to all U.S. households having spent more than $40 on home improvement products last year.

The study found that Sears/Wards shoppers felt most knowledgeable about the brand name products these stores sell, as 70% responded they were "well informed" about brands through the stores' promotions.

On the other hand, only slightly more than half of home center and hardware shoppers said they were adequately informed about brands.

These two shopper contingents were also more prone to say they were "not so well informed" about brands than either the survey's consumers as a whole, or Sears/Wards customers, less than one-third of the latter group noted that they were not well enough informed about brands.

Oddly enough, more than 75% of all consumers thought their stores were doing enough to promote the brands they sell, with more than 8 out of 10 hardware shoppers expressing satisfaction with their store's brand advertising.

Only about 1 in 5 consumers as a whole and, specifically, those patronizing home centers and Sears/Wards felt their stores should be doing a better job to let them know about brands. This ratio escalates to more than 1 in 3 among those shoppers of "other" retailers such as discount and specialty stores.

When asked how dealers should improve brand awareness, about one-quarter of the survey's respondents, and an equal fraction of home center and hardware consumers, suggested the greater use of sales flyers and newspaper supplements.

While the increased exposure to flyers and supplements was important to the other shoppers in the survey, Sears/Wards shoppers placed greater emphasis on newspaper ads as a way dealers could promote brand awareness. And a remarkably high 4 out of 10 consumers who frequent "other" stores simply thought discounters and specialty shops needed to advertise more in general.

One in five hardware shoppers said these stores should be promoting their brands more on television.

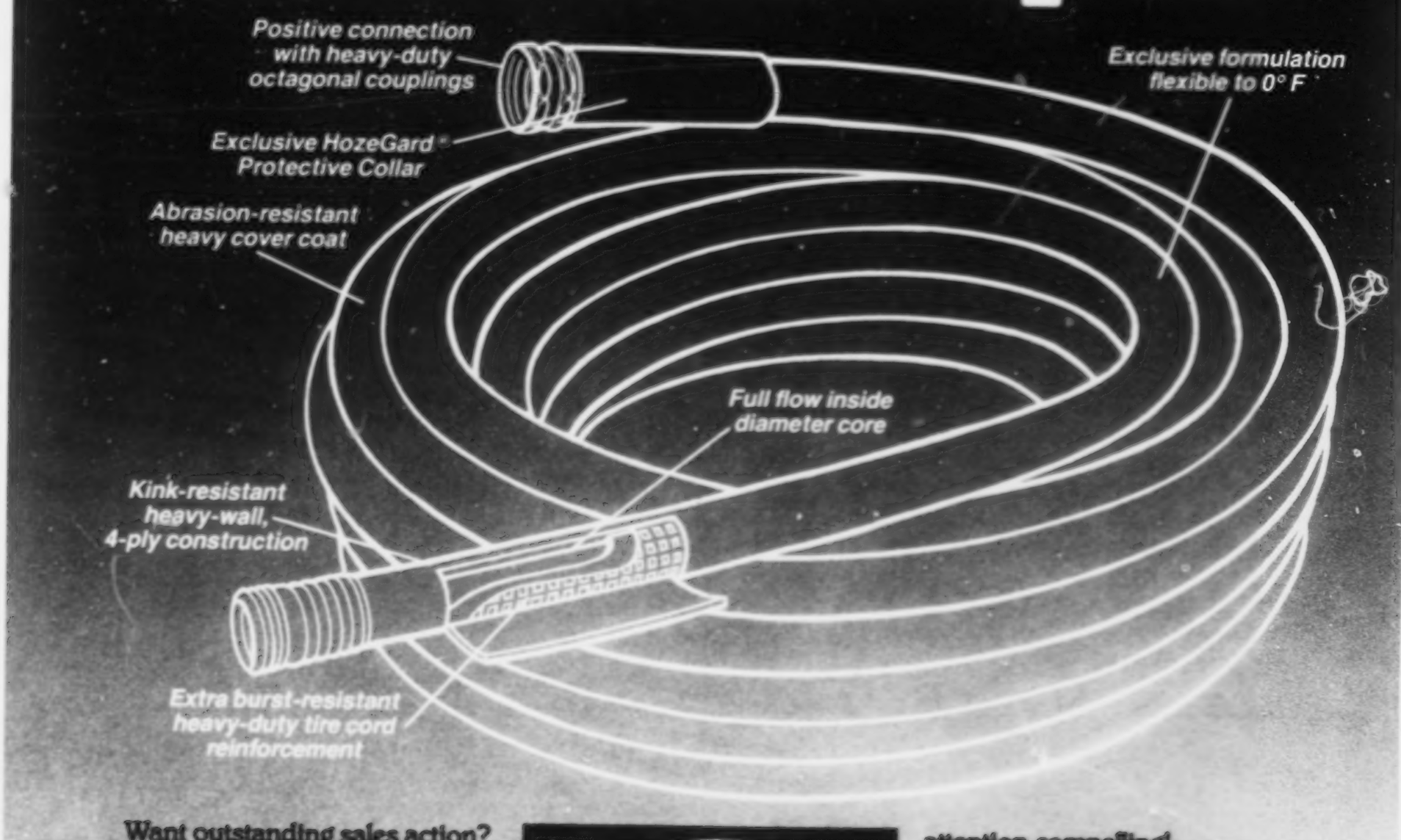
While their response rate was relatively low, a significant number of home center shoppers also noted that these stores needed to improve their in-store sales help, show a list of brands they carry more prominently, and increase the number of displays they use to promote brands.

Their responses were consistent with the overall sentiment expressed by more than 45% of home center shoppers that they got more of their brand information from a home center's in-store signage and POS literature than they did through its national advertising.

In fact, where at least half of all hardware shoppers polled in the survey, and close to 3 in 5 Sears/Wards shoppers, claim to derive their knowledge of brands primarily through these stores' media promotions, there appears to be more reliance on merchandising presentation among home center shoppers.

These findings could mean that home centers need to do a better job in exposing those brand name products they carry in their stores. In addition, home center dealers may also need to rethink the way they are getting their brand message out to consumers before shoppers enter the store.

No other hose can meet these specs:


Positive connection with heavy-duty octagonal couplings
Exclusive HozeGard Protective Collar
Abrasion-resistant heavy cover coat
Exclusive formulation flexible to 0° F
Full flow inside diameter core
Kink-resistant heavy-wall, 4-ply construction
Extra burst-resistant heavy-duty tire cord reinforcement

Want outstanding sales action? Then you want hose that starts with outstanding specifications!

First, Colorite creates quality hose by designing-in the most successful, consumer-proven characteristics and features. These come from over 35 years of experience.

Next, we make the specs come alive! We use only quality raw materials...production is constantly controlled and inspected...coils are wound for eye-appeal...and packaging is attention-compelling!

From our high-capacity East and West Coast plants come the fast-turnover lines of super-deluxe, non-toxic, rubber and promotional hose. All the styles to fit your selling strategies.

That's why Colorite is the world's largest manufacturer devoted exclusively to garden hose. We got there by design.

COLORITE

Colorite Plastics Company, Ridgefield, NJ 07657 and Sparks, NV 89431

NHCN's 1985 Top Brands Study

High-power ad campaigns pay off in unaided survey

High powered ad campaigns and strong promotional support from retailers have apparently paid off for manufacturers of such products as hand and power tools, light bulbs, paint and lawn mowers, for which consumer brand awareness, as registered in a recent national poll, was exceptionally high.

Four hundred and twenty-four consumers were asked if they could name a brand name, without being prompted, in 24 product categories. At least 8 out of 10 respondents could identify a brand in each of the above mentioned seven product groups, as strong an indication as any that the brand message being sent out by dealers and suppliers was seeping into a customer's consciousness.

Even for such items as chain saws and floor covering, 3 of 5 consumers polled felt confident enough to name a brand spontaneously.

The survey—conducted for *NHCN* by the Chicago research firm Leo J. Shapiro, and nationally projectable to all U.S. households that spent $40 or more on DIY products last year—also revealed that beyond these often-mentioned brand names in specific categories, consumer brand awareness begins to falter, even on such high profile merchandise as stain, faucets, insulation and ceiling fans.

Consumers at times manifested almost total confusion about who makes what brands (several times throughout the survey, consumers named a brand that is not in the product category). In other instances, brand recognition did not seem to be that important for consumers, especially on such items as siding, kitchen cabinets, plumbing fittings and doors. In these product groups, only around 1 in 5 consumers would hazard to name a brand, with doors getting only an 18% response rate.

The following breakdown by product category of unaided responses to brand awareness draws an interesting protrait of how well respective manufacturers' advertising is working on consumers. The study also reveals the extent to which consumers actually pay attention to brands, particularly those brands of building materials that generally showed up lower than hardware items.

The listing evaluates consumer brand names from the highest response rate (power tools) to the lowest (doors):

• **POWER TOOLS:** More than 9 of 10 respondents could name a power tool brand, and in excess of 3 out of 5 identified Black & Decker. One-third could name Sears/Craftsman, while another 12% said Skil. B&D's response rate grew among consumers in the South and those planning a DIY project; Sears' recognition factor increased with Northern consumers and those having spent $3,000 on a DIY project.

Remarkable in this category was the low response rate for Makita, and consumers' mistakenly thinking Stanley, the hand tool maker, produced power tools (although this is a testament to Stanley's overall brand awareness level).

• **LIGHT BULBS:** While 91% of the consumers polled could name a light bulb brand, only three brands—General Electric, Westinghouse and Sylvania—got higher than a 20% response rate. GE was identified as a brand by close to 8 out of 10 consumers, the other 2 by 2 out of 10, with Westinghouse drawing higher brand awareness among Eastern consumers.

With less than 1% unaided response as a light bulb "brand" were Sears/Craftsman, K mart and Ace Hardware.

• **PAINT:** This was the only other category to get 9 out of 10 consumers being able to name a brand, and the most-often named—Sherwin-Williams—could muster a nod from only 1 in 4 respondents. This brand was identified by one-third of southern consumers. Glidden was recognized as a brand by one-quarter of those respondents in the South, while Sears had higher recognition among Eastern consumers and those having done a project over the past 12 months than among consumers who identified Sears as a brand as a whole.

Consumers still group Lucite (owned by Clorox) with Du Pont, and separate "Martin"

(Continued on page 40)

Consumer Brand Awareness—Unaided

(% of U.S. Households able to name a brand without prompting)*

'Which brand comes to mind for . . .?'

*Households having spent at least $40 on home improvement products in the past year.

Source: Leo J. Shapiro & Associates for *NHCN*; 1985

POWER TOOLS — 92% Net

Black & Decker	64%
Sears/Craftsman/Kenmore	36
Skil	13
Stanley	5
Milwaukee Tool	3
Makita	3
Hitachi	1
Rockwell	1
Ace	1
Ryobi	*

*Under 1%

LIGHT BULBS — 91% Net

General Electric	80%
Westinghouse	22
Sylvania	20
Other	5

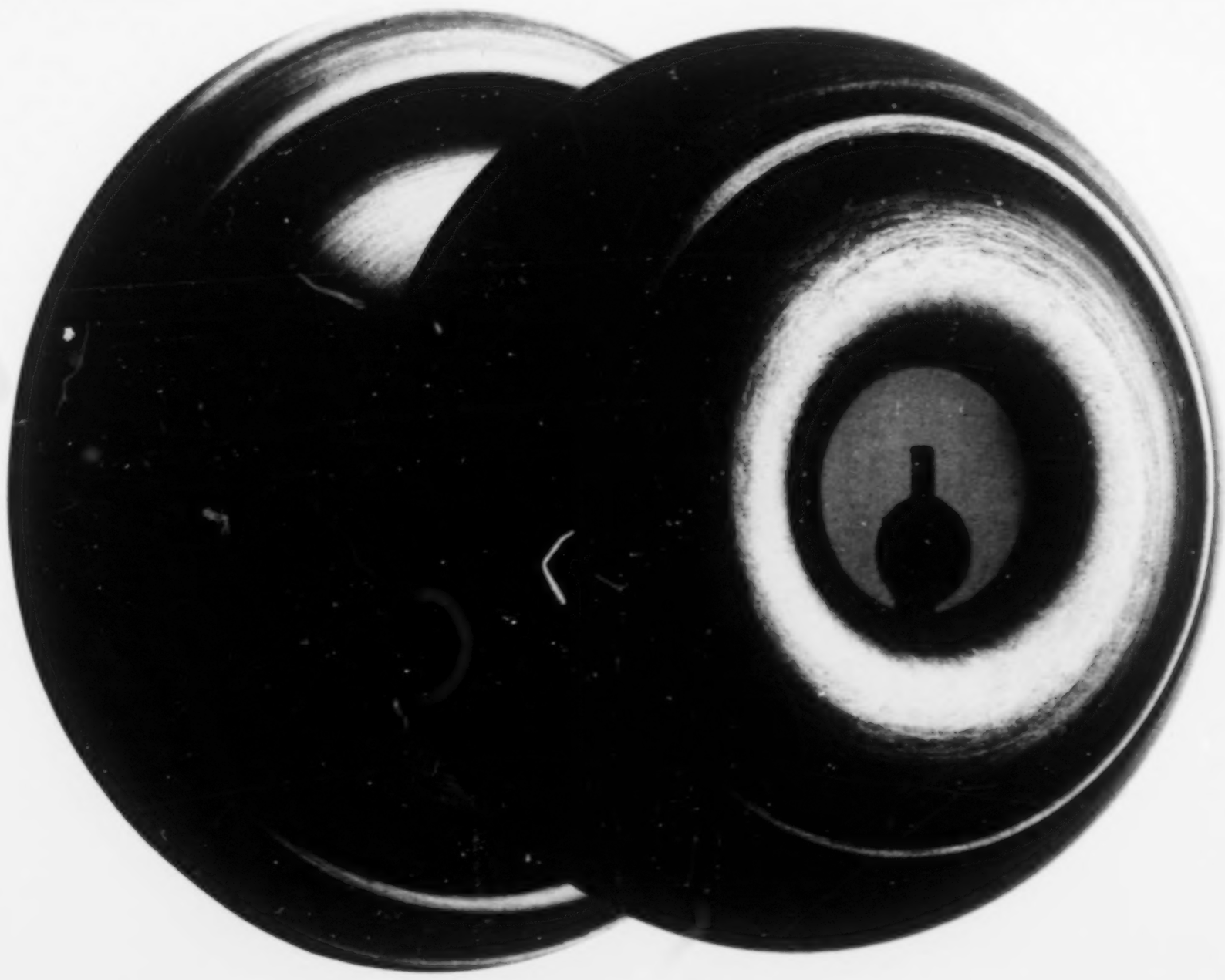
FAUCETS — 59% Net

Delta	20%
Peerless	11
Kohler	7
American Standard	6
Moen	6
Price-Pfister	4
Sears/Craftsman/Kenmore	3
Eljer	2
Sterling	*

*Under 1%

LOCKSETS — 55% Net

Master	15%
Kwikset	14
Yale	10
Schlage	7
Stanley	3
Dexter	2
Sears/Craftsman/Kenmore	2
American	2
Weiser	1
Deadbolt	1
Weslock	1
Best	1



OPPORTUNITY

YOUR CUSTOMERS CAN SAVE $5.

For our 1986 Spring Promotion, Schlage introduces a new package with two matching keyed entry locks. In a choice of three of our most popular styles. For a special $5 off price.

Besides saving them money, this gives your customers the opportunity to secure two doors. Instead of just one.

And every Schlage lock now features our new Universal Deadlatch, which fits both 2⅜" and 2¾" backsets. This makes it possible for a Schlage lock to fit any door.

We'll support the Spring Promotion with a complete merchandising program, including eye-catching displays. Our magazine advertising will also catch your customers' eye. Look for our ads in the March and April issues of *Popular Mechanics, Sunset, Southern Living, Family Handyman, Homeowner* and *New Shelter*. Then look for more customers to start knocking at your door.

NHCN's 1985 Top Brands Study

PAINT
90% Net

Sherwin Williams	24%
Glidden	21
Sears/Craftsman/Kenmore	17
Lucite/DuPont	12
Dutch Boy	11
Pittsburgh (PPG)	8
Benjamin Moore	5
Porter	3
Martin	2
Olympic	2
Standard Brands	1
True Value	1
Cooks	1
Pratt & Lampert	1

LAWN MOWERS
85% Net

Sears/Craftsman/Kenmore	23%
Lawnboy	20
Toro	17
Snapper	10
Briggs & Stratton	7
John Deere	6
Black & Decker	5
Honda	4
Murray	3
Jacobsen	2
Montgomery Ward/Signature	2
Bolens	1
Yazoo	1

HAND TOOLS
82% Net

Sears/Craftsman/Kenmore	41%
Stanley	34
Black & Decker	14
Snap-on	5
True Value	1
Ace	1
Disston	1
Plumb	1
S & K	1
Skil	1
True Temper	1
Estwing	*
Great Neck	*
Cooper	*

*Under 1%

CHAIN SAWS
61% Net

McCulloch	16%
Black & Decker	13
Stihl	9
Sears/Craftsman/Kenmore	9
Homelite	9
Beaird Poulan	8
Skil	5
Remington	1
Echo	1
Wen	*

*Under 1%

FLOOR COVERINGS
61% Net

Armstrong	38%
Congoleum	11
Sears/Craftsman	3
Color Tile	2
Mannington	2
Burlington	1
Tarkett	1
Amtico	*

*Under 1%

GARAGE DOOR OPENERS
53% Net

Genie	22%
Sears/Craftsman/Kenmore	20
Stanley	13
Overhead Door	1
Chamberlain	1
Montgomery Ward/Signature	1
General Electric	1

WATER HEATERS
51% Net

Sears/Craftsman/Kenmore	19%
General Electric	7
A. O. Smith	6
State	2
Westinghouse	2
American Standard	1
Hotpoint	1
Montgomery Ward/Signature	1
Mor-Flo	1
Rudd	1
Whirlpool	1

STAIN
51% Net

Olympic	11%
Formby	6
Glidden	5
Minwax	4
Sherwin Williams	4
Sears/Craftsman/Kenmore	3
Pittsburgh	2
DuPont	2
Cabots	2
Colony	2
Carver Tripp	1
Dutch Boy	1
Behr	1

WINDOWS
51% Net

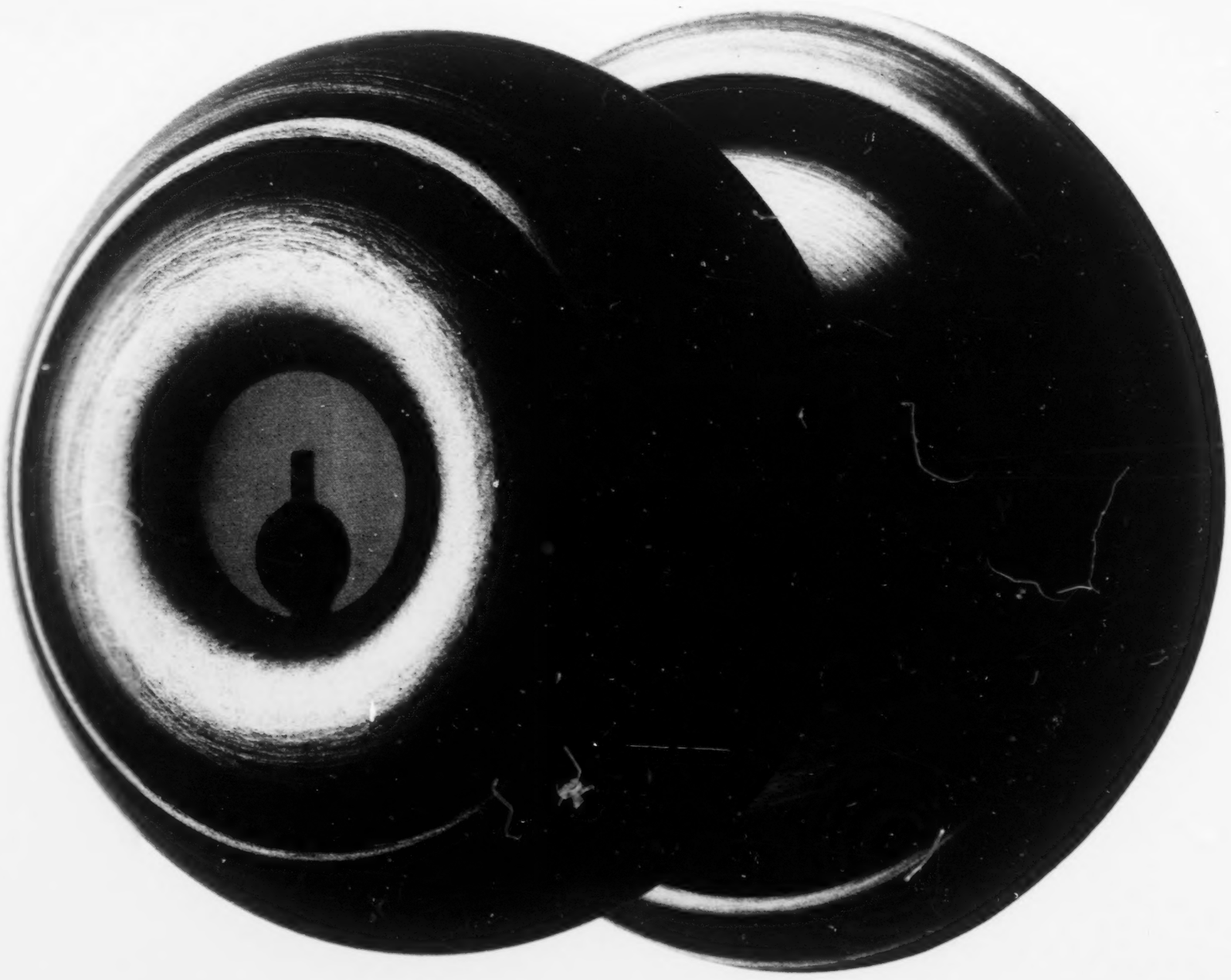
Andersen	34%
Pella	5
Thermopane	2
Crestline	1
Marvin	1
Sears/Craftsman/Kenmore	*
Caradco	*
Keller	*

*Under 1%

INSULATION
47% Net

Owens-Corning/Pink Panther	34%
Manville	4
CertainTeed	1
Armstrong	1
Celotex	1
Sears/Craftsman/Kenmore	1
3M	1

(Continued on page 40)



Unaided brand awareness: Certain categories dominate

Product Category	% consumers polled naming a brand without prompting*
Power Tools	92%
Light Bulbs	91
Paint	90
Lawn Mowers	85
Hand Tools	82
Chain Saws	61
Floor Coverings	61
Faucets	59
Locksets	55
Garage Door Openers	53
Water Heaters	51
Stain	51
Windows	51
Insulation	47
Garbage Disposals	39
Plumbing Fixtures	38
Window Furnishings	33
Caulking	30
Ceiling Fans	30
Lighting Fixtures	25
Paneling	23
Storm Doors	23
Siding	22
Kitchen Cabinets	21
Plumbing Fittings	20
Doors	18

*Households having spent at least $40 for home improvement purchases in the past year.

Source: Leo J. Shapiro & Assoc. for *NHCN*

KNOCKS TWICE.

YOU CAN SAVE 10%.

Schlage gives you a chance to save too. We're offering an extra 10% off the list price when you order the double-packed F51NV Georgian 609, Plymouth 605 or Bell 605 entry lock.

For over 60 years, Schlage has been manufacturing high quality locks at competitive prices.

Call your Distributor or Schlage Representative today. And find out how our Spring Promotion can open the door to opportunity. Twice.

SCHLAGE

Part of worldwide Ingersoll-Rand

10% Promotional Discount off current published discount schedule effective 11/15/85-3/15/86

Read

NEW PRODUCTS

every issue in

National Home Center News

NHCN's 1985 Top Brands Study

GARBAGE DISPOSALS

39% Net

Sears/Craftsman/Kenmore	12%
General Electric	10
Insinkerator	6
Kitchen-Aid	4
Waste King	2
Whirlpool	2
Badger	1
I.S.E.	1
Maytag	1
Sinkmaster	1

PLUMBING FIXTURES

38% Net

Kohler	9%
American Standard	9
Delta	6
Crane	4
Eljer	3
Peerless	3
Sears/Craftsman/Kenmore	2
True Value	1
Artesian	1
Universal Rundle	1

WINDOW FURNISHINGS

33% Net

Kirsch	8%
Levelor	7
Sears/Craftsman/Kenmore	4
Andersen	4
Stanley	3
J. C. Penney	1

CEILING FANS

30% Net

Hunter	12%
Casablanca	8
General Electric	2
Sears/Craftsman/Kenmore	2
Emerson	1

LIGHTING FIXTURES

25% Net

General Electric	10%
Westinghouse	3
Sears/Craftsman/Kenmore	2
Progress	2
Sylvania	1
Delval	1
Diamond F	1
Thomas	1
Vigon	*

*Under 1%

PANELING

23% Net

Georgia-Pacific	8%
Weyerhaeuser	3
Masonite	2
Abitibi	2
U.S. Plywood	1
Sears/Craftsman/Kenmore	1
Ply-Gem	*

*Under 1%

STORM DOORS

23% Net

Sears/Craftsman/Kenmore	6%
Andersen	5
Stanley	1
Croft	*
Emco	*
Featherlight	*
Montgomery Ward/Signature	*
True Value	*

*Under 1%

SIDING

22% Net

Alcoa	10%
Reynolds	2
Sears/Craftsman/Kenmore	2
U.S. Steel	1
Masonite	1
CertainTeed	*
Georgia-Pacific	*
Weyerhaeuser	*

*Under 1%

KITCHEN CABINETS

21% Net

Sears/Craftsman/Kenmore	6%
Custom Made	1
Merillat	1
American Woodmark	*
Aristokraft	*
Diamond	*
Kitchen Kompact	*
Yorktowne	*

*Under 1%

DOORS

18% Net

Stanley	4%
Andersen	3
Peachtree	2
Sears/Craftsman/Kenmore	2
Everstraight	*
Kinkead	*
Pease	*
Simpson	*
True Value	*

*Under 1%

VIGORO® ANNOUNCES A PROMOTION WHOSE IMPACT WILL BE REGISTERED ALL THE WAY TO CHINA.

There's never been a promotion like the Vigoro Greenback Offer. It's not only designed to move Vigoro like never before, but also merchandise in every department of your store. From toys to TV's, chairs to china.

Inside every Vigoro Deep Green™ product: Lawn Food, Weed & Feed, Crabgrass Preventer Plus Lawn Food, and Fall & Winter Fertilizer is a mail-in form. Your customers simply send it to Vigoro. They'll get back a Greenbuck certificate good for $2.00 off any item in your store.

So the more Deep Green your customers buy, the more Greenbucks they have to spend and the larger the purchases they'll want to make at your store. Just think what $8.00, $10.00 or more in Greenbucks per Deep Green customer could do for your sales.

You can't get that kind of storewide impact from any other rebate. Unlike other rebates the Greenback Offer guarantees that the money will be spent in your store only.

And to make sure customers come to your store in the first place, we have a powerful ad campaign. It includes TV, radio, magazine and newspaper ads.

The Vigoro Greenback Offer is the big promotion you deserve.

You deserve a big promotion.

VIGORO®

Promos, ads power buyers' unaided answers

(Continued from page 38)

(presumably Martin Senour) from Sherwin-Williams, its manufacturer. Surprisingly, none of Enterprise Cos.' brands—Enterprise, BPS or Magicolor—was named.

• **LAWN MOWERS:** Eight in ten respondents knew a lawn mower brand, and there were an unusually high number of brands identified in this category. One in five could name Sears/Craftsman, although an almost equal ratio identified LawnBoy and Toro. Lawnboy showed higher brand awareness in the South than anywhere else; Toro in the North.

As expected, consumers—particularly those in the South—continue to mix up Briggs & Stratton, the O.E.M. engine supplier, as a brand of lawn mowers.

• **HAND TOOLS:** A sizable collection of brands were named as hand tools names by an aggregate of more than 8 of 10 consumers, with Sears/Craftsman and Stanley the dominant brands with the highest awareness level. Sears was particularly strong in the South, where almost half of consumers could name it as a brand, and among respondents who spent $3,000 or more on a project last year. Stanley was best-known in the West, where brand awareness about hand tools in general ran to 9 out of 10.

Some prominent brands in the home improvement industry—such as S-K Tools, Disston, and the family of names under which Cooper Group markets its product—were mentioned by only a small percentage of consumers.

• **CHAIN SAWS:** 6 in 10 consumers knew a chain saw brand without promoting, although in the East, that drops to only around 50%, while in the South brand awareness increases to more than 1 in 3 respondents.

Consumers in general appeared to be acquainted with quite a few chain saw brand names, even such high-end fare as Stihl. McCulloch ranked first in the "unaided" responses, getting more than 16% of consum-

(Continued on page 45)

NHCN's 1985 Top Brands Study

Promos, ads power buyers unaided responses

(Continued from page 40)
ers identifying it as a brand, a brand, a recognition factor that was constant in all sectors of the country.

• **FLOOR COVERING:** This is the last category among those evaluated in which more than 6 of 10 respondents could name a brand. But, with the exception of Armstrong and Congoleum, brand awareness does not appear to be that strong in the category. Armstrong was known by almost half of the respondents in the South and close to 2 in 5 of those planning a project. Congoleum's 1 in 10 response rate was pretty consistent in all sectors nationwide and among all home expenditure groups.

The remainder of brands identified by the respondents surveyed garnered only a minimal unaided brand awareness, and several prominent names in the business such as Bruce and Top Tile did not show up at all.

• **FAUCETS:** This category is somewhat of a mystery: Close to 60% of all respondents could name a brand, but once one gets past Delta and Peerless, the response rate for other brands is far less than one might expect for such as heavily promoted category.

Delta's awareness improves in the East, while Peerless's increases in the North. Kohler is somewhat better known among consumers who spent $3,000 on DIY products last year than the respondent sample as a whole; and American-Standard was known by 1 in 10 consumers in the East.

• **LOCKSETS:** A slew of brands were named by consumers, although none appeared to be able to claim a dominant position in the market.

Brand awareness was spread out evenly among Master, Kwikset and Yale, although Master showed more strength in the West and among consumers who spent between $300 to $2,999 on DIY fare last year, while Kwikset was better known in the South and among consumers spending $3,000 on merchandise over the past 12 months.

Overall, 6 of 10 consumers in the West knew a lockset brand, the same fraction of those respondents having spent $300 to $2,999 last year and those planning a project over the next year.

•**GARAGE DOOR OPENERS:** In terms of unaided brand awareness, only half of all consumers queried could name a garage door brand, and only Genie, Sears/Craftsman and Stanley were named by any substantive number of respondents.

Genie was better known among consumers in the South and West, while Stanley gained higher brand marks from Northern consumers. This category appeared to be one in which consumers were not that sure of the brands they named in terms of accuracy (e.g., the identifying Montgomery Ward and G.E.).

• **WATER HEATERS:** Slightly more than 50% of all consumers knew a water heater brand, and the Sears' name was evoked by about 1 in 5 consumers. Oddly enough, Sears got its weakest brand awareness in this category among consumers who spent $3,000 or more for DIY products last year—only 13.7%.

A sizable and surprising number of water heater brands were named by consumers, although the response rates beyond G.E., Rheem and A. O. Smith were low, especially for Mor-Flo, the leading supplier in the home center industry, whose brand was identified without prompting by less than 1% of the survey's respondents.

• **STAIN:** Considering the high brand awareness in paint, stain does not appear to be generating the consumer response one might expect. While about half of all consumers could name a stain brand (closer to 60% in the East), only around 1 in 10 could think of Olympic, the dominant stain manufacturer in the home improvement industry.

And, that Formby's wood stain got a higher awareness level than Minwax, Glidden or Sears might lead one to conclude that consumers, while being able to readily name a stain, there may not be much brand allegiance to any one product, given the low response rates throughout this category.

• **WINDOWS:** Andersen Windows continues to be the brand consumers can name most frequently when asked about brand, although without prompting, only 1 in 3 respondents could name Andersen. The overall brand awareness in the category was a bit more than 50%, and closer to 60% among consumers in the East and North, and those having spent $3,000 or more on DIY products last year.

One can only infer that windows are still a low profile category in terms of brand awareness, as such "big name" manufacturers as Pella, Marvin and Crestline were recognized by very few consumers in the survey as brands. This does not change much on a regional basis.

• **INSULATION:** Less than half of all respondents could name a brand of insulation, and after Owens-Corning (which got a 34% response rate), brand name recognition was remarkably low for other suppliers' products.

Consumers in the East and those planning a project were more able to name a brand of insulation than others polled in the survey, and O-C also fared well in these subgroups. But with the exception of Manville's 7% unaided response in the South, consumer brand recognition for the category remains almost imperceptible.

• **GARBAGE DISPOSALS:** While the main brand names in this category were identified by at least a small portion of the survey's respondents, brand awareness of garbage disposals appears low, with only 2 in 5 consumers coming up with a brand unaided. There was not much disparity between the total responses for each brand named and their breakdown by region and home expenditure groups, although Insinkerator showed slightly more awareness among consumers who spent $300 to $2,999 on DIY products over the past 12 months.

Conversely, Waste King was not even mentioned as a brand by consumers in the East, and less than 1% knew the brand without prompting in the North.

• **PLUMBING FIXTURES:** Of all the products evaluated in this year's survey, the low brand awareness—less than 2 in 5 respondents—in the high-end plumbing fixtures category is an anomaly, especially when compared with the higher awareness for faucets.

That no brand was identified by more than 1 in 10 consumers can only mean that consumers do not think of brands when planning to buy a fixture, at least before they enter a store. (This response rate rises to 17% among those Western respondents who named American Standard as a brand.)

It could also mean that manufacturers' and retailers' promotion of plumbing fixtures needs to be refined if brand name awareness is to be expanded in this category.

• **WINDOW FURNISHINGS:** Slightly more than 3 in 10 consumers could name a window furnishings brand when asked, somewhat unusual for a fashion-oriented product. The response rates were considerably lower for the two leading brands, Kirsch and Levelor, although Kirsch was a bit better known by consumers in the South and those who spent $3,000 or more on DIY products last year.

It is evident from the

(Continued on page 75)

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Now this Fall we're coming on strong again with our greatest, sports-heavy media line-up ever, with shows like This Week in Baseball, Sports Extra, Pro Wrestling, plus David Letterman, Barney Miller and more! Miracle® will be leading the way with on-target support on Network TV, Cable TV and National Radio, too.

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NHCN's 1985 Top Brands Study

Doors: Confusion over who's behind them

Less than 1 in 5 consumers could spontaneously name a brand of doors in a recent survey of brand awareness conducted nationwide. Of the 24 product categories evaluated in the study, doors had the lowest brand recognition.

Consumers do not generally associate doors with a particular brand name, and there appears to be considerable confusion among consumers about which companies make the product. The companies whose brands were identified by the survey's respondents most frequently without prompting—Stanley and Andersen—are probably known more prominently for other products.

And, among the brands consumers named on their own, one is actually a glass patio door, another a brand of tub enclosure, and seven others interior, or entry doors.

Stanley, with its family of tools, garage door openers and auto supplies, was named as a door brand without prompting by less than 4% of the survey's respondents, and it had the strongest recognition in the North. Andersen, which makes sliding glass patio doors but is better known for its windows, was a close second and named by 3% of the respondents, with its strongest response rate in the East.

Consumers were twice as aware of Andersen and Stanley as any other door brand. Peachtree and Sears were the next named brands. And among those brands receiving less than 1% spontaneous response were KinKead (U.S. Gypsum's line of tub enclosures), True Value, Simpson and Pease, with the last brand being known in only one region of the country, the North.

There are myriad reasons for the lack of brand recognition in the door category:

- A number of doors are assembled locally with parts derived from a variety of suppliers, and are sold with no brand name;
- Lower-quality doors, used as attractive price point leaders by home centers to boost store traffic, are often made by leading door makers but marketed without a name, as manufacturers generally wish to disassociate themselves from lower-quality products.
- Hanging a door is a relatively new project for many DIYers. "People have only recently considered themselves to be technically qualified to put in a door," said Jack Farrington, national architectural sales manager for Benchmark, a door manufacturer based in Fredericksburg, Va.

In fact, manufacturers over the last two years have been developing doors that are easier to install and hang, and be offered specifically for the DIY market. Prehung wooden entry doors in metal frames, for example, are now regularly sold as DIY products.

In the second part of *NHCN*'s study, consumers were asked whether they had heard of 11 specific brands of doors. Stanley again led the pack, with nearly 8 out of 10 respondents having heard of it, far ahead of either Benchmark (known by 4 of 10 consumers), Permadoor (3 of 10), Simpson (1 in 4), Therma-Tru (1 in 5) and Peachtree (1 in 7).

Stanley had its greatest "aided" response rate in the South, where more than 8 of 10 consumers knew its door brand when asked. The South was kind to Benchmark as well, where more than 4 out of every 10 customers recognized its brand. (This could be a function of Benchmark being Lowe's door supplier.)

The more a consumer spends on DIY projects, the more likely he is to know a door brand. More than 8 out of 10 consumers who said they spent $3,000 or more over the past year on DIY projects had heard of Stanley when asked; 44% knew of Benchmark, 39% Permadoor and 26% knew Therma-Tru.

Consumers do not generally associate doors with a particular brand name, and there appears to be considerable confusion among consumers about which companies make the product.

AIDED CONSUMER BRAND AWARENESS: Doors

*18% of consumers could name a brand of doors without prompting. Highest ranking brand got: 4%.**

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Stanley	8 of 10
Benchmark	4 of 10
Permadoor	3 of 10
Simpson	2½ of 10
Therma-Tru	2 of 10
Peachtree	1½ of 10
Nicolai	under 1 of 10
Pease	under 1 of 10
Kinkead	under 1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

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NHCN's 1985 Top Brands Study

Power tool category dominated by one maker

AIDED CONSUMER BRAND AWARENESS: Power Tools

92% of consumers could name a brand of power tool without prompting. Highest ranking brand got: 64%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Black & Decker	10 of 10
Craftsman	9½ of 10
Skil	8 of 10
Hitachi	6 of 10
Milwaukee Tool	3½ of 10
Wen	2 of 10
Makita	2 of 10
Ryobi	less than 1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

When it comes to brand name recognition of power tools by shoppers of home improvement items, the "B" and "D" in Black & Decker could easily stand for brand dominance.

In what is one of the home center industry's most competitive product, categories, power tools made by the Towson, Md., manufacturer were overwhelmingly the best-known brand named by consumers in a national poll. In fact, Black & Decker was the best-known name brand of virtually any home improvement category, except for General Electric light bulbs.

The survey, whose results are nationally projectable, showed that more than 3 out of 5 shoppers immediately named B & D when they were asked to think of a brand in the power tool line.

The poll, conducted for *NHCN* by Leo J. Shapiro and Assoc., surveyed 424 people in all regions of the country who had spent at least $40 on products to improve their homes.

One portion of the study asked the respondent if they could identify certain, previously selected power tool brands, while the other part sought to determine if consumers could spontaneously name power tool brand names.

While B & D eclipsed its nearest competitor, Sears, in that part of the survey where consumers identified power tool brand names spontaneously, both B & D and Sears' Craftsman were monolithic giants in the portion of the survey that tested the recognizability of selected brand names. In the latter category, both were identified by more than 9 out of 10 households as power tool brand names consumers recognized.

In virtually all respondent categories, by region or home improvement expenditure, B & D's brand name dominated, from a low of 50% among consumers in the West to a nearly 70% "top of mind" recognition in the South.

B & D's prominence among consumers was recorded twice as many times as Sears' Craftsman, which was spontaneously mentioned by close to 2 out of 5 shoppers asked to volunteer the name of a power tool brand. Sears was strongest in the North, where 44% identified the brand. Craftsman ranked high among shoppers who had spent at least $3,000 on home improvement purchases, with 4 out of 10 mentioning the brand.

The study also showed that slightly more than 1 of 10 shoppers spontaneously mentioned Skil as a power tool brand name. But among home improvement shoppers in the West, and for those who spent $3,000 or more on products to fix up their homes, the Skil name came up 2 out of 10 times.

In the East, Skil's recognition among polled consumers was barely measurable.

When prompted, consumers recognized the Skil name 4 out of 5 times, a close third to Sears. And among home improvement shoppers in the West, the Skil name vied with B & D and Sears, garnering 90% of the respondents who knew the name. But among shoppers who spent between $40 and $299 on home improvements last year, Skil was recognized only 3 times out of 5. In the East, however, only 6% said they were familiar with the Skil name as a power tool brand.

Some of the more surprising findings in the poll found Stanley Works, which doesn't make power tools, being mentioned spontaneously by 5% of participating consumers, an indication of the strengths of the brand "Stanley" when the word "tool" is evoked. Another surprise was the poor showing in the survey by Makita, the high-end import line that has been making serious inroads into many home centers. Makita received only marginal unaided response from consumers, and only one in five said they knew the brand.

When the brand name Hitachi was bounced off consumers, 6 out of 10 said they knew the Japanese manufacturer as a power tool brand name. Its relatively strong showing could be influenced by the companies high profile in consumer electronics.

But the same was not true for Milwaukee Tool, which also markets its power tools to upscale consumers who are willing to spend a few bucks more. When asked if they recognized the Milwaukee Tool brand name (admittedly better known among builders), only 4 out of 10 nationally could do so.

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NHCN's 1985 Top Brands Study

Consumers remain in dark on lighting brands

When it comes to lighting fixtures to light up their lives, consumers appear to be in the dark when thinking of brands. Of the small percentage who can name brands of lighting fixtures, more than half cite General Electric, Westinghouse and, to a lesser degree, Sylvania—none of which manufacture home lighting fixtures.

On the other hand, the industry's major manufacturers of lighting fixtures have only minimal brand awareness among consumers. Less than 4% of the consumers surveyed in this year's Brands Study collectively named Progress, Delval, Thomas, Diamond F or Vigon when asked—without assistance—what brands came to mind when they thought of lighting fixtures.

When asked if they had heard of a specific brand, these respondents' awareness climbed to an average of 10% for most of the manufacturers, and higher for Thomas. In aided responses, Thomas garnered a 33% awareness, compared with its mention by less than 1% of the respondents in unaided questioning. But when compared to the "aided" or prompted awareness levels of other categories, particularly for a "fashion" item, lighting brands remain relatively unknown among consumers.

The confusion of brand recognition in this category may be due to the fact that both G.E. and Westinghouse continue to manufacture electrical fixture components and accessories for lights. This, coupled with both companies' aggressive advertising campaigns, could account for their high showing in this category.

Adding to the possible confusion about decorative lighting brand names is the fact that Westinghouse continued to manufacture decorative fixtures until about two years ago when it sold that division to North American Phillips with the provision that the Westinghouse name would continue to be used.

Trailing behind G.E. and Westinghouse was another name unknown in the manufacture of lighting fixtures—Sears. While Sears carries an assortment of decorative lighting fixtures made by several suppliers, the line is sold as a "Sears" brand of lighting fixtures.

Among those people who were asked about specific brands, Thomas, the leading producer in this category, had the highest "aided" recognition rate in the North where more than 44% of the people interviewed there knew the name.

Oddly enough, when asked to name a brand of lighting fixture spontaneously, no one in the North named Thomas. In fact, only people living in the West could think of the Thomas name independently when asked about the lighting category. The Thomas name is helped in part because of its Thomas lighting showrooms located in a number of retail markets.

When asked about the Delval brand only about 9% of the total respondents recognized the name. But when broken down into regions, nearly 1 out of 5 consumers residing in the East knew Delval when asked. The Delval name was also better known among people who had spent more than $3,000 in the past year on a home improvement project.

The Progress brand had its highest "aided" recognition among people living in the North and in the East. Diamond F was recognized more by people living in the South and in the East than in other regions.

Among those people who had spent more than $3,000 on home improvement projects over the past year, Thomas led in recognition with about one-third of the respondents recognizing the name, and Progress followed with about one-fifth of the people in that group recognizing the name.

AIDED CONSUMER BRAND AWARENESS: Lighting Fixtures

25% of consumers could name a brand of lighting fixtures without prompting. Highest ranking brand got: 10%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Thomas Industries	3 of 10
Progress	1½ of 10
Diamond F	1 of 10
Delval	1 of 10
Vigon	less than 1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

The confusion of brand recognition in the lighting fixtures category may be due to the fact that both G.E. and Westinghouse continue to manufacture electrical fixture components and accessories for lights. This, coupled with both companies' aggressive advertising campaigns, could account for their high showing in this category.

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NHCN's 1985 Top Brands Study

Resilient flooring captures buyers recognition

Although carpeting is the biggest selling floor covering product on the market today, consumer brand recognition is firmly held by the resilient floor covering manufacturers, according to a recent survey on consumer brand awareness conducted for *NHCN* by Leo J. Shapiro & Assoc.

The survey, which polled 424 consumers across the country, revealed that 6 out of 10 people could identify a floor covering product by brand name with most of that recognition going to hard floor manufacturers, particularly Armstrong, which got a 38% "top of mind" response.

In fact, when the consumers in the survey were specifically asked to respond to manufacturers names, virtually all said they knew of Armstrong.

Other than Armstrong, only Congoleum produced spontaneous awareness of more than 10% by consumers in this survey. Unaided responses were also given, naming Sears/Craftsman/Kenmore, Color Tile, Mannington, Burlington, Tarkett and Amtico, but all with less than 3% of the total.

The results of the survey did not surprise Bill Braham, director of communication for the Retail Floor Covering Institute.

"The carpet manufacturers do an awful job creating brand name recognition. Hard flooring manufacturers do a much better job at it," he said.

What was surprising about the survey was that Kentile—identified by retailers as a strong name in flooring in last year's brand survey—did not register among other names by consumers in spontaneous responses. Also, while the Armstrong name is known by virtually everyone, its two closest competitors, Congoleum and Mannington, don't share the same kind of name recognition.

Congoleum, when mentioned, is recognized by a highly respectable 88% of those polled in the "aided" section of the survey. But Mannington was identified by far fewer consumers. In specific questioning fewer than 1 in 3 recognized the brand name.

Close examination of the survey results also reveals that brand name recognition in hard flooring is most important to consumers actively engaged in a DIY project and to people who have spent more than $3,000 on home improvement projects.

Brand name recognition among this latter group of DIYers was 71%, according to the survey. Nearly two-thirds of the respondents who are planning a home improvement job within the next 12 months knew of a brand name in this category, and more than 6 out of 10 people who have completed a DIY project identified at least one floor covering brand name.

The flooring portion of the brand survey, like many others, produced its example of brand name confusion. Specifically, Sears, grouped with its popular Kenmore and Craftsman names, was identified in spontaneous responses as floor covering brand names even though the retail giant does not sell flooring under these labels. After Armstrong and Congoleum, it was the most popular name listed for floor coverings.

Several unpredictable twists were also uncovered. When consumers were specifically asked if they recognized particular brand name flooring, several well-known companies, received weak results.

Amtico and Azrock—popular among retailers for floor tiles—were unfamiliar labels to consumers, the survey indicated. Almost 9 of 10 consumers did not recognize the Amtico name and exactly 9 of 10 said they did not know the Azrock name. Both companies were almost completely unknown to Southern respondents, and were most familiar in the East.

Bruce, a popular wood flooring manufacturer, was familiar to nearly one-fourth of the consumers in this survey and by more than one-third of the respondents in the North.

When specifically asked about Top Tile, a New York-based flooring importer that does between 30% and 40% of its sales as a private labeler and who has been manufacturing its product under the name Top Floor since January 1983, there was a 14% recognition factor, a positive sign to the company, said Harlan Stone, general manager.

"I didn't realize we had so much power with the name," he commented.

AIDED CONSUMER BRAND AWARENESS: Floor Covering

61% of consumers could name a brand of floor covering without prompting. Highest ranking brand got: 37%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Armstrong	9½ of 10
Congoleum	9 of 10
Mannington	3 of 10
Bruce	2½ of 10
Tarkett	1½ of 10
Amtico	1 of 10
Azrock	1 of 10
Top Tile	1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

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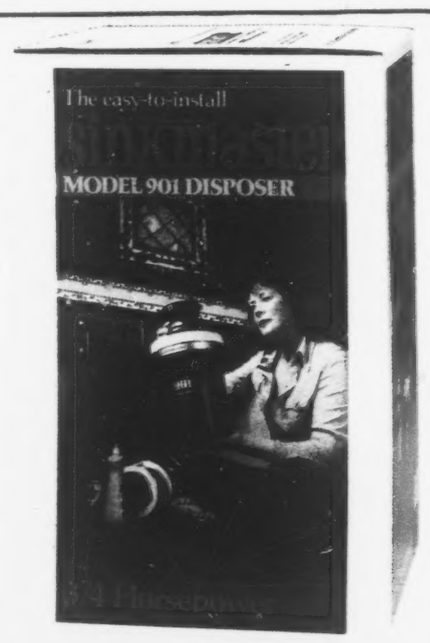

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NHCN's 1985 Top Brands Study

High-end fixtures gain low-end brand response

For a category that ranks among the home center industry's high-end products, plumbing fixtures hold little brand name significance for shoppers, a national poll has found.

The findings indicated that more than 6 out of 10 shoppers of home improvement products are unable to spontaneously name just one plumbing fixture brand name when asked.

The results, though different in methodology, bore a remarkable similarity to *NHCN*'s 1984 Brands Study of dealers, who noted that no single brand of plumbing fixture had market leadership and relatively little consequence in their marketing of showers, tubs, sinks and toilets, compared to other product categories.

In this year's Brands Study, conducted by Leo J. Shapiro and Assoc., 424 consumers who had spent at least $40 on home improvement purchases, were asked to name a brand name they are familiar with when it comes to plumbing fixtures. Of the total, less than 4 out of 10 respondents were able to identify a plumbing fixture brand name unaided.

The percentage of respondents who could not identify a plumbing fixture brand is surprising given the home center industry's general view that the category represents a strong growth area. Throughout the industry, retailers report that they are increasing floor space for plumbing fixtures and have recorded brisk sales and high volume in what is generally a big-ticket department.

Although slightly less than 2 in 5 persons could name a brand in plumbing fixtures, not one of the 14 brands the consumers mentioned earned more than 10% of the responses. Moreover, with the exception of Kohler and American Standard, the "unaided" response for most brands ranged from a negligible three-tenths of 1% to 5%. The scores in part suggest that only a limited number of households are readily familiar with these big-ticket products, perhaps because they are bought only occasionally.

On this relative scale Kohler and American Standard are plumbing fixture "giants," each being mentioned by 1 out of 10 of the consumers who were asked to identify a brand name in the category.

When examined by regional breakdowns and expenditure groupings, it appears that Kohler is a slightly better known brand name by certain shoppers.

In the South, and among those who spent between $40 and $299, Kohler was twice as popular as American Standard. Kohler was also slightly better known by the group of consumers who spent $3,000 or more on a home improvement project.

But American Standard also appears to have a prescribed market profile of its own. In the West, for example, nearly 2 out of 10 respondents named American Standard when requested to identify a brand name. For shoppers in the $300 to $2,999 category, American Standard also earned higher marks than Kohler.

However, both products appeared to be wholly unknown in the North.

The Delta brand name, under which low-end toilets are marketed, was the third most mentioned name by consumers.

In a second part of the survey in which shoppers were asked if they recognized certain, selected brand names upon hearing them, American Standard emerged as a sizable market winner. More than 8 of 10 shoppers recognized the American Standard brand, compard to its second most recognized rival, Kohler, which was named by slightly more than 5 in 10 shoppers. In the East, South and West, American Standard's recognition was even higher, generating a rate of 9 out of 10 shoppers who said they knew the name.

Kohler's strongest regional presence among shoppers who recognized its name was in the West, where nearly 7 out of 10 respondents indicated they knew the Kohler brand.

The Crane brand name, which had been marketing plumbing fixtures to retailers under the Dalton name, was the third most recognized brand by consumers when they heard it spoken.

AIDED CONSUMER BRAND AWARENESS: Plumbing Fixtures

***38% of consumers could name a brand of plumbing fixtures** without prompting. Highest ranking brand got: 9%.**

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
American Standard	8½ of 10
Kohler	5½ of 10
Crane	5 of 10
Eljer	3 of 10
Artesian	2½ of 10
Universal-Rundle	2 of 10
Carefree	1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Associates for *NHCN*; 1985

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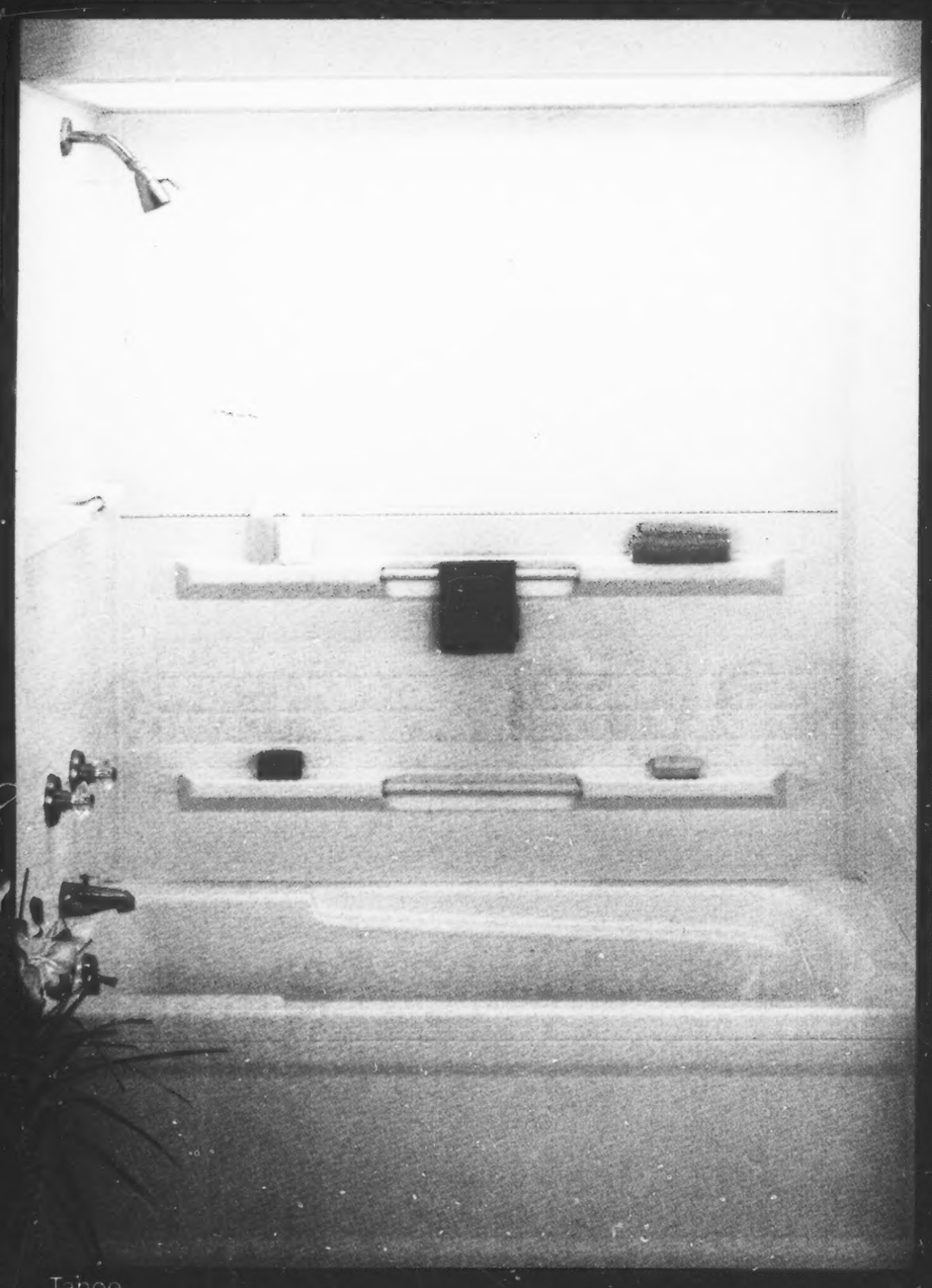

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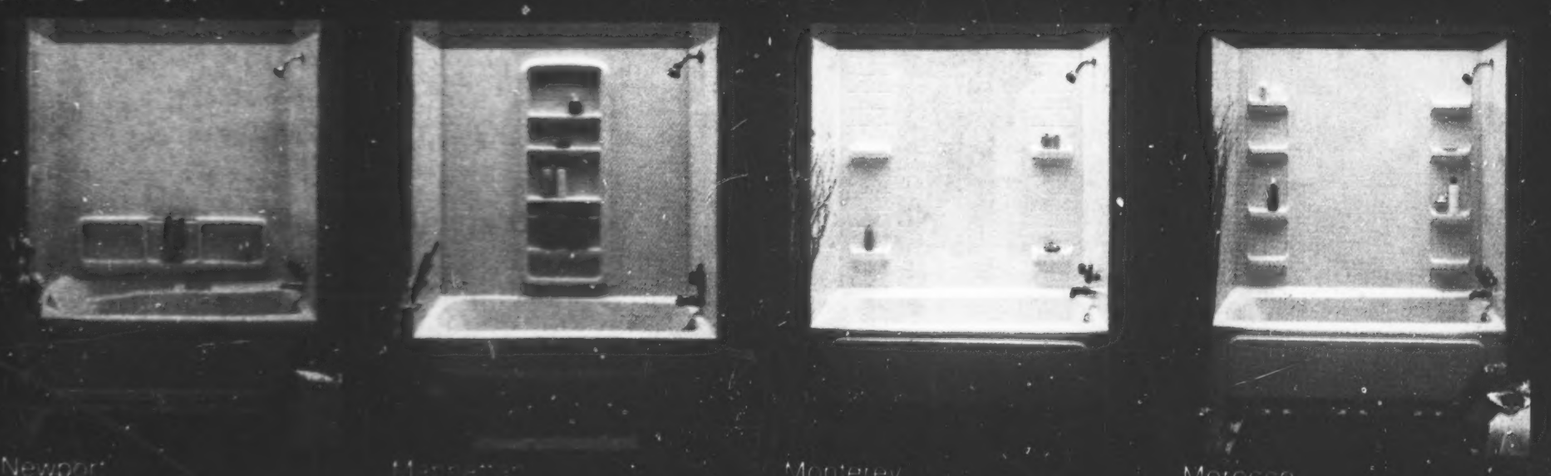

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NHCN's 1985 Top Brands Study

Private label mentioned most in hand tool lines

Hand tools are easily among the home improvement industry's more universal product lines, yet consumers who were asked to identify some brand names in the category for a national poll showed no strong familiarity with product identities.

In fact, the brand name mentioned most frequently in the survey by consumers was a private label by a nonhome center retailer and it was identified by less than half of the respondents. That label was Sears' Craftsman.

The findings by Leo J. Shapiro and Associates may be another sign of the formidable presence Sears continues to project in the minds of shoppers for DIY products. On the other hand, the poll may also be an indication that most home center shoppers have no ardent appreciation of hand tool brand names.

The survey, the results of which are nationally projectable, asked 424 persons who spent between $40 and as much as $3,000 on home improvement products in all regions of the country to name "top of mind" hand tool brand names when they thought of that category. The second part of the survey tested to see if consumers recognized certain, previously selected brand names upon hearing them.

In the spontaneous responses, in which shoppers named products they knew on their own, Sears was identified by 4 out of 10. When broken down by region and home improvement expenditure groups, the data showed Sears earned even higher response rates in the South—where half of the consumers polled mentioned its brand—and among half of those who spent at least $3,000.

Sears' lowest response rate came from DIY shoppers in the East, where 1 in 3 knew its Craftsman brand name.

The giant retailer's closest competition for "top of mind" brand awareness in hand tools was Stanley, which was mentioned by 3 out of 10 "unaided" consumers. In the West, Stanley's response rate rose to 44% of that region's consumers.

The spontaneous identifications by shoppers in the poll are in sharp contrast to their responses about power tools, where 6 out of 10 shoppers immediately cited Black & Decker when asked to name a power tool brand name.

But like the study on power tools, Sears shared the limelight for brand name recognition among consumers asked specifically about a certain brand of hand tool, as it did with B&D in power tools. In this case, the brand is Stanley.

There was a closer parity between the two brands, both earning a dominant 9 out of 10 responses from consumers when they were asked if they knew these product lines' names.

In at least two instances, 100% of the respondents—those in the West and those who spent more than $3,000 on DIY fare—knew of the Sears Craftsman name when asked about it. All the respondents in the East recognized Stanley.

With the exception of one regional group, where 89% of Northern consumers named Stanley, Sears Craftsman and Stanley received a 90% prompted response rate.

Red Devil, the brand name line of paint sundries, was the third most recognized name in the survey. More than 2 out of 4 of those respondents asked about Red Devil were acquainted with the name.

That figure rose to 5 out of every 7 among those consumers having spent $3,000 or more on home improvement items, and 7 out of 10 of those who either lived in the East, or were planning to undertake a DIY project over the next 12 months.

Estwing, the Rockford, Ill., hammer manufacturer, was known by 1 in 10 consumers who heard its name. The company's widest brand recognition was among consumers who planned a DIY project and those who had spent $3,000 or more on merchandise this past year, with 2 out of 10 consumers in each subgroup knowing the Estwing name when asked.

And The Cooper Group was recognized by a remarkable 25% of those "aided" consumers, even though these respondents were asked about Cooper, per se, and not specifically about the family of brands—e.g., Crescent, Nicholson, Wiss, Boker—under which it markets its hand tools.

AIDED CONSUMER BRAND AWARENESS: Hand Tools

82% of consumers could name a brand of hand tools without prompting. Highest ranking brand got: 41%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Stanley	9½ of 10
Craftsman	9½ of 10
Red Devil	5 of 10
Cooper Group	2½ of 10
Easco	1 of 10
Hyde Tool	1 of 10
Estwing	1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

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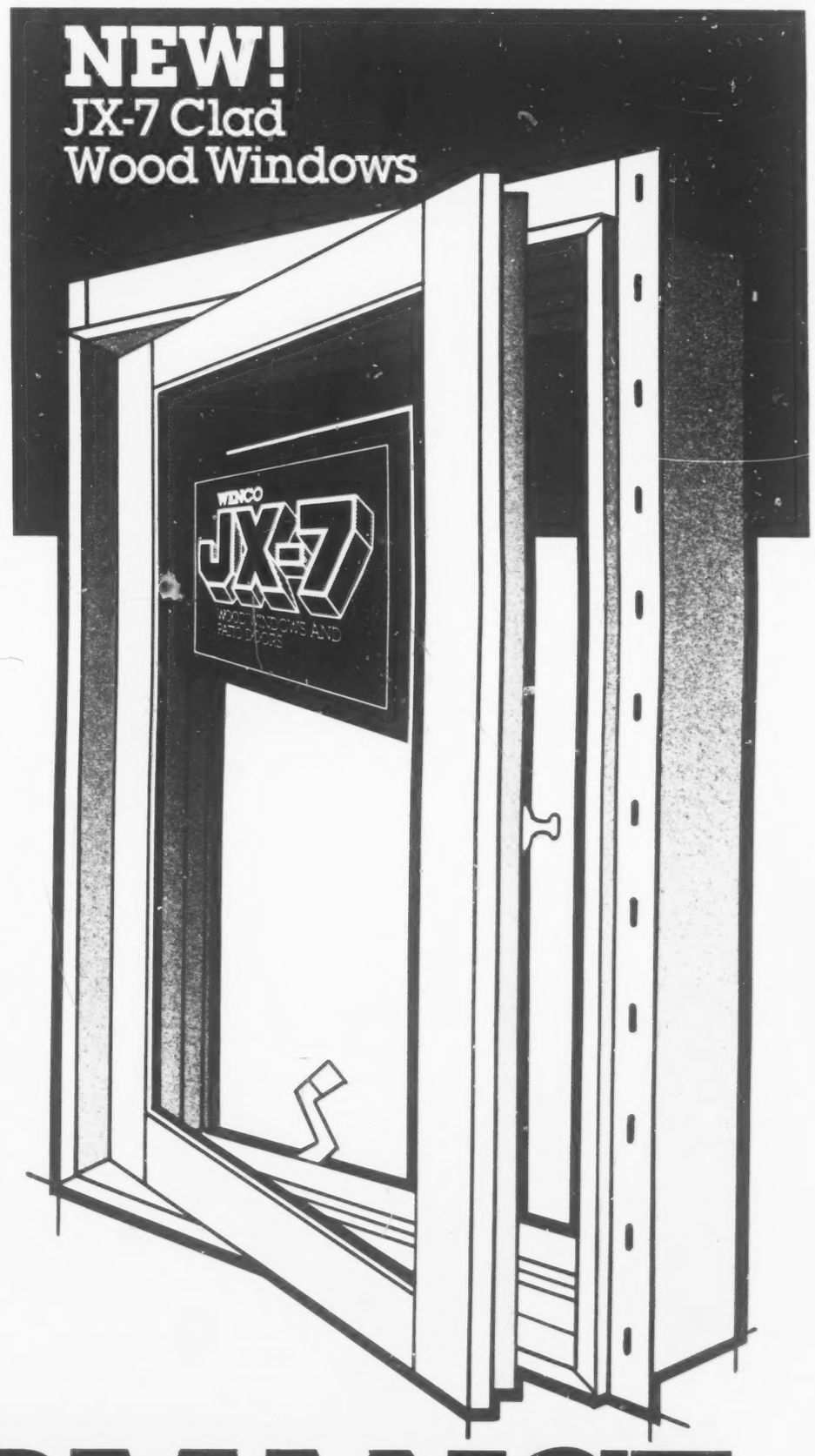

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Consumers bear out dealers' faucet perception

Last year, 3 out of 5 retailers named Peerless and Delta as their stores' best-selling faucet brands in *NHCN*'s Brands Study. In this year's survey, consumers showed why this is the case.

According to a recently completed study of consumer brand awareness prepared for *NHCN* by Leo J. Shapiro & Assoc., shoppers named these two faucet brands spontaneously more often than any others.

In fact, of the nearly 60% of respondents who could name a faucet brand on their own, three-fifths identified either Delta or Peerless, both made by Masco Corp. Delta got 20% of the total "top of mind" responses in this category alone.

Other faucet brands given top-of-mind recognition included Kohler, American-Standard, Moen, Price-Pfister, Sears/Craftsman/Kenmore, Eljer, Sterling and True Value, though each of these received 7% or fewer responses.

Among these, Kohler had the highest unaided recognition. And, when consumers were prompted with brand names, more than 4 out of 5 who recognized it in the $40 to $299 range.

Carefree, the Pittsburgh-based company, was only slightly better known to DIYers who spent more than $3,000 last year than it was to consumers who spent between $40 and $299 in the last year, the survey said.

Unaided responses cast a slightly different picture. Under this line of questioning, Kohler showed relative strength among consumers spending $3,000 or more on home improvement products last year, while American Standard came freely to mind more often among consumers in the $300 to $2,999 range, and Moen among those respondents in the $40 to $299 spectrum.

Consumers' familiarity with these lesser-known brands pales when compared to the 20% of total respondents spending $3,000 last year in DIY fare who could name Peerless on their own, and an equal number of those having shelled out $40 to $2,999 for home improvement products identifying Delta with no prompting.

AIDED CONSUMER BRAND AWARENESS: Faucets

59% of consumers could name a brand of faucets without prompting. Highest ranking brand got: 20%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Delta	8½ of 10
Peerless Faucet	8 of 10
American Standard	8 of 10
Moen	3 of 10
Price-Pfister	2½ of 10
Carefree	2 of 10
Artistic Brass	1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

In keeping with the results throughout the survey, faucet brand names are most often known to consumers who are active DIYers, people spending much more than $40 last year on such projects and by people who have already completed home improvement projects.

Kohler was known by 6 out of 10 persons, ranking behind Delta, Peerless and American Standard, each of which getting "aided" response rates of 8 out of 10 consumers.

Other faucet names were recognized by only half of those consumers asked specifically about a certain brand, with Price-Pfister, Moen, Eljer, Carefree, Aqualine and Sterling (owned by Kohler) being recognized by 50% or less of the survey's respondents.

Eljer Plumbingware, however, is trying to remedy its anonymity through a consumer advertising campaign it just initiated to increase DIY awareness of its brand.

Artistic Brass, the Los Angeles manufacturer of higher-end faucets, appeared to be the least-known brand, having been recognized by only 1 in 10 respondents who were prompted with its name.

In keeping with the results throughout the survey, faucet brand names are most often known to consumers who are active DIYers, people spending much more than $40 last year on such projects—the base figure for the survey—and by people who have already completed home improvement projects.

In fact, in all but two cases, Delta and Carefee, consumers are incrementally more aware of faucet brand names as they spend more on their home improvement projects.

For Delta, 9 of 10 survey respondents who spent more than $3,000 last year on home improvement projects knew the Delta name. But, only about 8 in 10 knew of the label in the $300 to $2,999 category compared to

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NHCN's 1985 Top Brands Study

Only one window washes with consumers

AIDED CONSUMER BRAND AWARENESS: Windows

51% of consumers could name a brand of windows without prompting. Highest ranking brand got: 34%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Andersen Window	6½ of 10
Keller	3 of 10
Pella	3 of 10
Crestline	3 of 10
Wenco	1½ of 10
Marvin	1 of 10
Caradco	less than 1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; NHCN Consumer Top Brands Study 1985

For all practical purposes, when consumers think of windows, they think of Andersen.

Significantly, only about half of the consumers interviewed in a new national study could name a brand of window, but the majority of that group named Andersen as the brand they thought of in windows.

Other brands mentioned included Pella, Crestline, Marvin, Caradco and Keller, but even when counted as a group, they were named by only about 10% of the respondents.

When asked if they had heard of specific brands, Andersen came out far ahead of the other brands with recognition by almost 65% of the respondents. Andersen's recognition was highest among those living in the North where the name was recognized by almost 85% of the people interviewed. Andersen also had high recognition among Easterners, 76%, and dropped off to 54% among people living in the South and 45% of people living in the West.

The Andersen name was recognized more by people who had spent between $300 and $2,999 on home improvement projects in the past year. Among that group, almost 72% of the respondents were familiar with the Andersen name.

After Andersen, the most mentioned "top of mind" window brand was Pella. A little more than 5% of the respondents named Pella without prompting as a brand of window, although when asked in a later question if they had heard of Pella specifically, more than 30% of the respondents said they had. The highest response to the brand came from people who live in the North, where 40% of the consumers were familiar with Pella. In the East, the Pella name was known by more than one-third of that region's consumers, and about one-fourth of the total respondents familiar with Pella live in the South and the West.

While very few of the respondents named the Crestline or Keller brands on their own, when asked specifically about those brands almost 30% of the respondents said they had heard of the names. Crestline had its strongest aided awareness in the East and North where more than a third of the respondents recognized the brand.

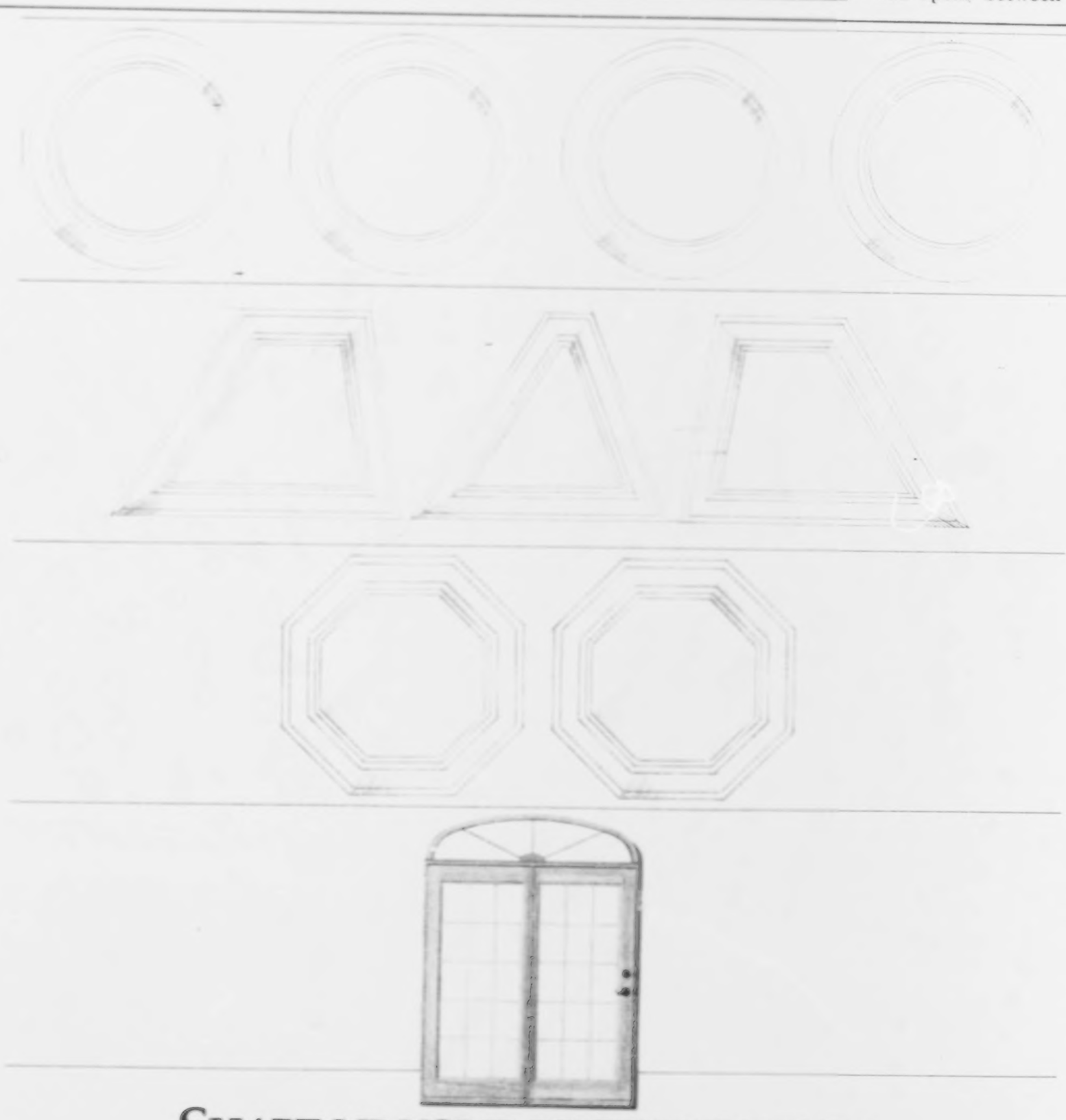
Even among people who had completed home improvement projects there was little difference between brand awareness in windows. Part of that may be due to fewer people taking on DIY window projects. . . .

Unlike the other leaders, Keller had its greatest recognition among people who live in the South. About one-third of the Southerners knew the Keller name, while about 30% of those living in the East or West knew the name when prompted.

Even among people who had completed home improvement projects there was little difference between brand awareness in windows. Part of that may be due to fewer people taking on DIY window projects as compared to other types of DIY projects, or the location of window departments in areas where the average shopper may not pass through frequently.

Oddly enough, in naming brands of windows, almost 20% of the respondents named on their own, brands or names that were not window brands. Thermopane received a higher percentage of response than did any brand besides Andersen and Pella. Thermopane, a type of insulated glass often used in windows, is viewed as a "brand" by more people in the South and the North than Crestline, Marvin, Cardaco or Keller, even though it is not in fact a brand name.

The highest incidence of that tendency came from people who live in the West. Among that group, 22% identified names of windows classified in the survey as "other."



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National Home Center News

NHCN's 1985 Top Brands Study

AIDED CONSUMER BRAND AWARENESS: Paneling

23% of consumers could name a brand of paneling without prompting. Highest ranking brand got: 8%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Georgia-Pacific	8 of 10
Masonite	8 of 10
Weyerhaeuser	5½ of 10
Champion	3 of 10
States	1 of 10
Abitibi	1 of 10
Ply-Gem	less than 1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985

Paneling brand names elusive to shoppers

A sizable majority of consumers in a national poll revealed an exceedingly low awareness about brand names in wall paneling.

Almost 80% of the respondents in the survey could not name one brand name wall panel product spontaneously when they were asked to do so.

The low brand familiarity in paneling made the category among the lowest ranked products consumers knew by brand name. Of 24 home center products examined in *NHCN*'s Brands Study this year, wall paneling ranked 21st as a recognized product by brand name, based on consumer "unaided" responses. Power tools were No. 1. Doors were at the bottom of the list in spontaneous name brand familiarity.

Conducted by Leo J. Shapiro and Assoc., the study tended to uphold findings reached last year when dealers were questioned about best-selling brand names in their stores. In that survey, a majority of home center retailers indicated that brand names in paneling have virtually no bearing on whether a shopper will purchase one panel over another.

The industry's view is that paneling, like other commodity products and doors, is purchased more on the basis of where the product is sold, rather than the brand names the stores carry. As a result, the reputation of a store from which the panel is purchased weighs more heavily in the consumer buying decision than the brand name of the panel.

Moreover, wall paneling, like doors, is purchased infrequently, usually over long periods of time, thereby further dimming consumers awareness of brand names in the field. Added to this observation is the opinion by some manufacturers that wall paneling did not actually become a DIY product until six or seven years ago, and has yet to acquire a strong competitive presence with the more popular wallpaper products.

While the survey does not attempt to gauge market penetration by wall paneling brands, the findings tend to indicate that advertising campaigns for some companies are missing huge blocks of potential buyers. Abitibi and Champion International, for example, two panel producers who have attempted to heighten the profile of the category through consumer advertising, were among the least mentioned brand names by consumers when asked to name a panel brand. Abitibi received a scant 1% of the 95 persons who could name a wall panel brand on their own while Champion was not mentioned at all.

Even for companies that have boosted its market presence, consumers still found them to be strangers. For example, Ply-Gem, a 40-year-old paneling manufacturer that is now turning out high-end decorative wall panels and markets its products in retail outlets in 44 states, was mentioned by only two-tenths of 1 % of the consumers asked to name a panel brand.

The most frequently identified panel brand was Georgia-Pacific, which was mentioned by 7% of the respondents who could name a panel brand when asked. When examined by groups, G-P was identified by 1 out of 10 respondents in the East and among those who spent between $300 and $2,999 for a home improvement project. Georgia-Pacific was also cited by 8% of the consumers who planned to do a home repair project. The Atlanta-based forest products producer was the most dominant brand name mentioned in all nine of the consumer groupings the survey sampled.

Weyerhaeuser was Georgia-Pacific's closest rival, but was mentioned by one-third as many respondents. Weyerhaeuser was identified without prompting by only 2% of the respondents. In the South, nearly 4% of the shoppers in the survey identified Weyerhaeuser.

In a separate part of the study in which consumers were asked if they recognized certain

(Continued on page 75)

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NHCN's 1985 Top Brands Study

Regional cabinet brands named 2 of 3 times

While Triangle Pacific and Merillat are, in terms of unit production, the No. 1 and 2 kitchen cabinet makers in the U.S., names of smaller vendors appear to come into consumers' minds as often when asked which brands they are aware of.

However, brand awareness of kitchen cabinets in general among those consumers who have spent $40 or more on a DIY item over the past 12 months is relatively low, compared to other products, with only around 1 in 5 consumers questioned being able to name a kitchen cabinet brand on his own.

In fact, the "brand name" mentioned by the greatest percentage of consumers, without any prompting, was Sears, an indication that, as in several other product categories, many consumers confuse brand name with store of origin, particularly in the case of the Chicago retail giant.

It may be surprising to find relatively low brand recognition in a category where the product can be quite expensive, but the category's two-step distribution may blur brand identification.

In a study of consumer attitudes conducted for *NHCN* by Leo J. Shapiro & Assoc., the Chicago-based research firm, Merillat followed Sears as the brand consumers knew without being told, although the "top of mind" awareness for Merillat did not vary that radically from several others. Attracting nearly as many responses were American Woodmark, Kitchen Kompact, Diamond, Aristokraft and Yorktowne.

Of those consumers who could name a brand without being prompted, nearly 2 out of 3 named one of a variety of other, smaller regional brands, reflecting of the large number of vendors serving this product category.

One not-so-surprising result of the survey was that many consumers responded to the brand name question by saying that custom-made cabinets were the first type that came to mind. Custom design remains an important source of new kitchen cabinetry, particularly in the case of specialty stores that are prominent in the industry.

The headway made by vendors other than Tri Pac and Merillat was apparent when these same consumers were prompted further, with questions that asked them if they had ever heard of particular brands.

Nearly 1 out of 3 of the consumers in this subgroup said that, yes, they had heard of Riviera, the Lancaster, Ohio, manufacturer. And just about an equal number said the same thing about the Yorktowne and Aristokraft brands.

About 1 out of 5 of the participants in the survey said they had heard of American Woodmark, and Diamond. Nearly an equal number said the same about Kitchen Kompact.

As for the big hitters—Tri Pac and Merillat—the story was different. Fewer than 1 out of 10 consumers, when prompted with a question about those brand names, said they had heard of them.

Consumer awareness of brand names varied by region; in some cases, to a substantial extent. About 1 out of 3 consumers in the North were able to name a kitchen cabinet brand name when asked what brand name came to mind first. In contrast, less than 1 out of 5 consumers elsewhere were able to do the same.

When prompted further, in the form of questions that asked consumers if they had ever heard of specific brand names, it became clear that certain brands had regional followings. Both Merillat and Tri Pac found their strongest following in the South, but seemed to have a reduced profile in the West. Consumers in the South appeared most aware of Riviera and Yorktowne, each of which gathered about 1 out of 3 consumers.

Aristokraft seemed to have a higher profile in the northern states than did any other brand. More than 1 out of 3 consumers there recognized the name, when prompted. However, Riviera, Yorktowne, American Woodmark and Diamond were also well known there.

In the eastern states, Yorktowne seemed to have a higher presence than did other brands. In the West, more awareness was expressed for Aristokraft, Riviera and Diamond.

(Continued on page 75)

AIDED CONSUMER BRAND AWARENESS: Kitchen cabinets

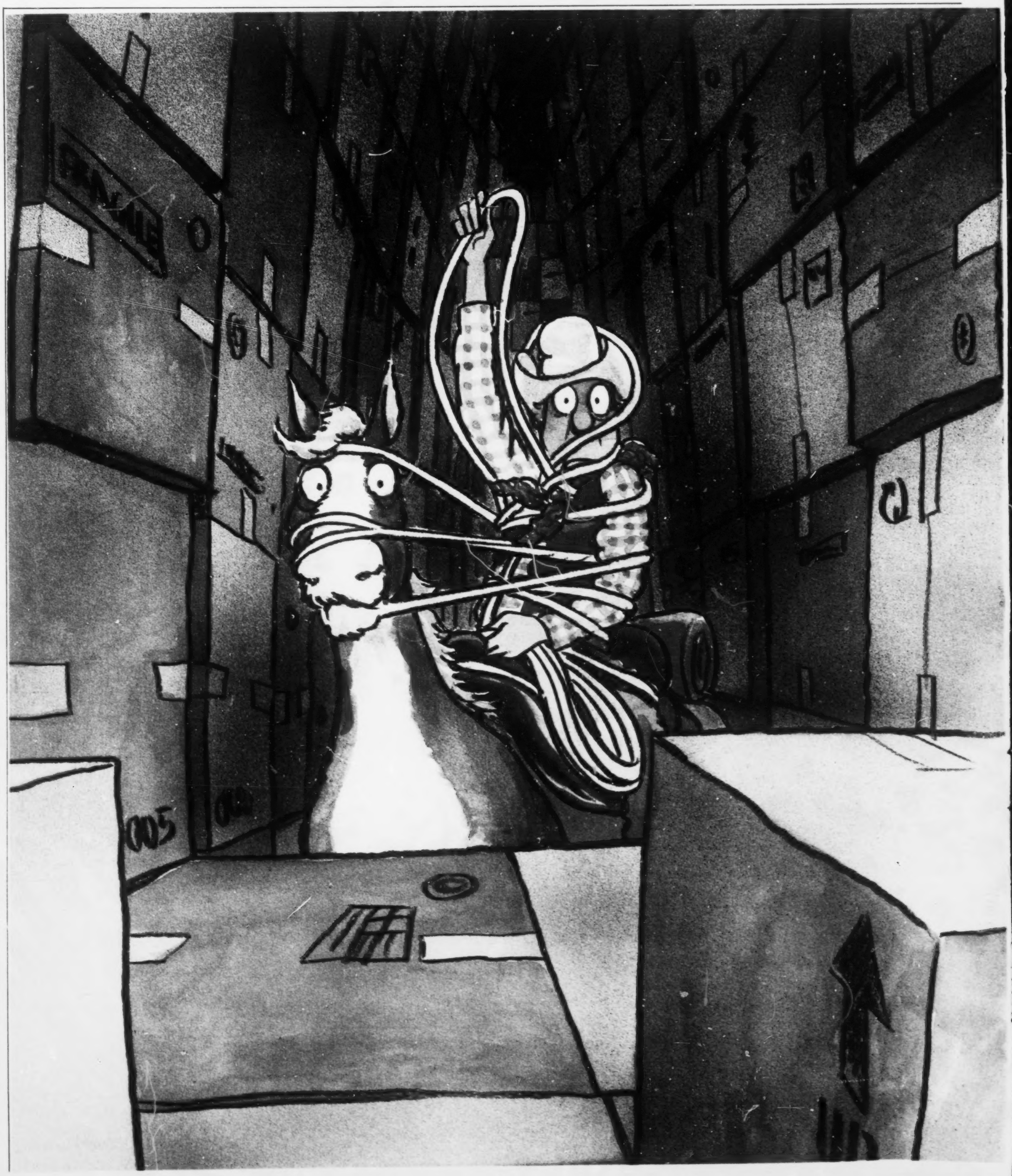
21% of consumers could name a brand of kitchen cabinet without prompting. Highest ranking brand got: 4%.*

When asked "Have you heard of _____ brand specifically," consumers said:

Brand	Proportion "yes"
Tri-Pac	4 of 10
Aristokraft	3 of 10
Riviera	3 of 10
Yorktowne	3 of 10
American Woodmark	2 of 10
Diamond	2 of 10
Kitchen Kompact	1½ of 10
Merillat	1 of 10

*The aided and unaided rankings do not necessarily correspond.

Source: Leo J. Shapiro & Assoc.; *NHCN* Consumer Top Brands Study 1985



Promos, ads power buyers unaided responses

(Continued from page 45)

"brands" identified by consumers in this category—Sears, J. C. Penney, K mart, Ace, Montgomery Ward—that store is as important as brand to consumers buying these products.

• **CEILING FANS:** Only 3 in 10 of the survey's respondents could name a ceiling fan brand spontaneously, although in the South, more than 4 in 10 were able to name a brand.

But when it comes to brand awareness for individual names, only Hunter could get more than a 10% response rate which, not that surprisingly, jumped to 32% among Southern consumers. However, under 1% of consumers in the East could identify Hunter as a brand, about the same percentage in this sector who could name G.E. or Emerson.

• **LIGHTING FIXTURES:** One-quarter of all those polled new of a lighting fixture brand, although the two names most often identified in the survey—G.E. and Westinghouse—do not make fixtures.

Brand awareness for decorative lighting fixtures among the home improvement industry's leading brands—Progress, Delval, Diamond F, Thomas—was remarkably low, indicating that this is a category that is either not heavily promoted by brand, or that consumers have chosen to completely ignore the names on the product when they contemplate a lighting fixtures purchase. When consumers were given the names of selected brands and asked if they knew them, the responses rates still indicated low brand awareness.

• **PANELING:** Despite some heavy advertising by certain manufacturers, paneling remains a commodity people buy without too much regard for brand.

Only 23% of all consumers polled could name a brand, and but 14% in the West knew a brand they could name. Less than 1 in 10 identified Georgia-Pacific as a brand name, with other producers faring worse. Masonite was not even known among consumers in the West, and Abitibi was not mentioned at all in the West or South.

• **STORM DOORS:** This category of products is clearly perceived by consumers as one where brand is not that significant. Less than 1 in 4 consumers polled could name a brand, and the name most often named—Sears and Andersen—were identified by only 1 in 20 respondents.

Anderson's stock rose somewhat among consumers who spent $3,000 or more on DIY products last year: one in 10 could name it as a brand. Croft, which supplies virtually every major home center chain in the country, could manage a response rate of only three-tenths of 1%, again an indication that market penetration in certain categories does not hinge on brand name awareness among consumers.

• **SIDING:** About one-fifth of the survey's respondents could name a brand of siding, a ratio that increases to 1 in 4 among those polled who spent $3,000 or more on DIY products over the past 12 months.

Aluminum and vinyl siding suppliers such as Reynolds and Alcoa were identified as brands by a small portion of consumers, as was Sears, which showed consumers interchanging brand and store names.

Alcoa's brand awareness quotient rose appreciably among Northern consumers and those who spent more than $3,000 on DIY fare, although it never exceeded 15%.

• **KITCHEN CABINETS:** With the bulk of kitchen cabinets still being shipped on a two-step basis, and brand promotion still being somewhat spotty among dealers and suppliers, it comes as no surprise that the category got only a 1 in 5 response rate for unaided brand recognition.

For this reason, the reputation of the dealer selling the cabinet appears to be more important to a consumer's buying decision than brand. This would explain Sears, with a 6% response rate, being the highest ranking brand identified in the category. It would also explain why most of the better-known (among dealers) kitchen cabinet names fared so poorly among consumers in brand awareness.

• **DOORS:** This category ranked last in brand awareness, with less than 1 out of every 5 consumers polled being able to name a brand of door. That ratio changes only marginally upward among consumers spending $3,000 on DIY fare.

Stanley, Andersen, Peachtree and Sears all got between 3% and 1% unaided responses, with Stanley doing better in the North, and Andersen in the East and among high-spending shoppers. Peachtree wasn't identified as a door brand at all by Western consumers.

Regional cabinet brands named 2 out of 3 times

(Continued from page 74)

Responses showed that those consumers who were planning kitchen remodeling projects were more aware of brand names than those who weren't, suggesting that consumers start looking more closely at advertising when they are planning this large-ticket home improvement job.

On the whole, though, kitchen cabinets ranked low—eighth out of 11 product categories in the survey—as merchandise about which consumers learn of brand names through retailers' advertising.

Among those consumers planning a DIY project, around 25% were able to name a brand when asked which one first came to mind. Of those not planning any project, that number fell to 1 in 5.

When prompted with the names of an individual brand, and asked if they'd heard of them, consumers planning a project exhibited a greater awareness than those who had no such plans. Nearly half again as many of these consumers planning projects said they had heard of Aristokraft, Riviera, Yorktowne and American Woodmark.

80% shoppers unable to name paneling brand

(Continued from page 72)

brand names upon hearing them, Georgia-Pacific had stiffer competition. While 8 out of 10 consumers said they recognize the Georgia-Pacific brand, an equal number were familiar with Masonite, a diverse building materials manufacturer based in Illinois. In two consumer groups, Masonite was better known than Georgia-Pacific among shoppers in the East and among those who spent between $40 and $299

But Georgia-Pacific enjoyed a sizable edge in recognition by shoppers in the North, South, and among the group that spent more than $3,000 on home repair.

Weyerhaeuser was recognized by 1 out of every 2 consumers in the poll. In the West, South, and among those in the $40 to $299 range, Weyerhaeuser was known by 6 of 10 shoppers who heard the brand name.

Champion International, which was not even mentioned in the unaided section of the survey, where consumers were asked to name a panel brand spontaneously, was the fourth most recognized panel name when shoppers heard it spoken. Champion was recognized by 3 out of 10 shoppers nationally, and almost 4 out of 10 in the South.

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Retail videodisc use falls short of projection

NATIONAL REPORT — Retailers, manufacturers and the public have been much slower than anticipated to accept video interactive merchandising applications, according to a new report from the Yankee Group, the Boston research firm.

At the same time, the Yankee Group said that the environment still favors the growth of this element of retailing. "Time constraints on the consumer, demographics of purchasers and the increasingly competitive nature of the retail industry all indicate that alternative retailing channels remain viable phenomena," stated the new report, titled, "Video Interactive Merchandising Revisited."

When the Yankee Group issued an earlier report on this same topic two years ago, it estimated that over 15,000 videodisc merchandising aids would be installed in the United States by the end of 1985. In its new report, the firm said that the number would more likely be around 3,700. A total of only 650 such systems were in place at the end of 1984, according to estimates in the new report. By the end of 1987, the Yankee Group said, over 20,000 video interactive merchandising systems will be installed.

The Yankee Group pointed to the success of CompuSave as one impetus to grow the installed base of transactional systems from 30 at the end of 1984 to 1,700 by the end of this year. Transactional terminals should approach 10,000 by the end of 1987, said the research group.

The Yankee Group pointed to several factors that are required for video interactive merchandising to become more prevalent. These include the following:

- Acceptance of the concept by large, well-established retailers.
- The availability of interactive terminals at a variety of price points.
- An acceptance of the concept on the part of consumers.

In the area of home improvement merchandise, the Yankee Group noted that one vendor, Interac, Woodland Hills, Calif., has introduced a system that helps shoppers select carpeting. The pilot for the program began earlier this year.

Not mentioned in the Yankee Group's report, but relevant to the advance of electronic shoping in the home center area, is the installation of kiosks from Laser Media, Memphis, Tenn., in such chains as Rickel and Central Hardware (*NHCN*, Sept. 10, 1984).

Firm predicts electronic shopping to skyrocket

Installed video interactive merchandising systems

	Total	Nontransactional	Transactional
1984	650	620	30
1985	3,700	2,000	1,700
1986	11,200	6,000	5,200
1987	22,500	13,000	9,500

Source: The Yankee Group; *NHCN* chart

Installations of video interactive merchandising systems are expected to increase rapidly over the next few years, with nontransactional models leading the way.

"The biggest thing we harp on is how to handle customers," said Phil Levy, flanked by Harold Skaggs and Steve Levy.

Levy's promotes on-going training

LOUISVILLE — "Sometimes I holler at them, and sometimes they holler back at me. I don't look at people like they work for me, but like they work with me," says Phillip Levy, president of Levy's. "Sometimes it works, sometimes it doesn't."

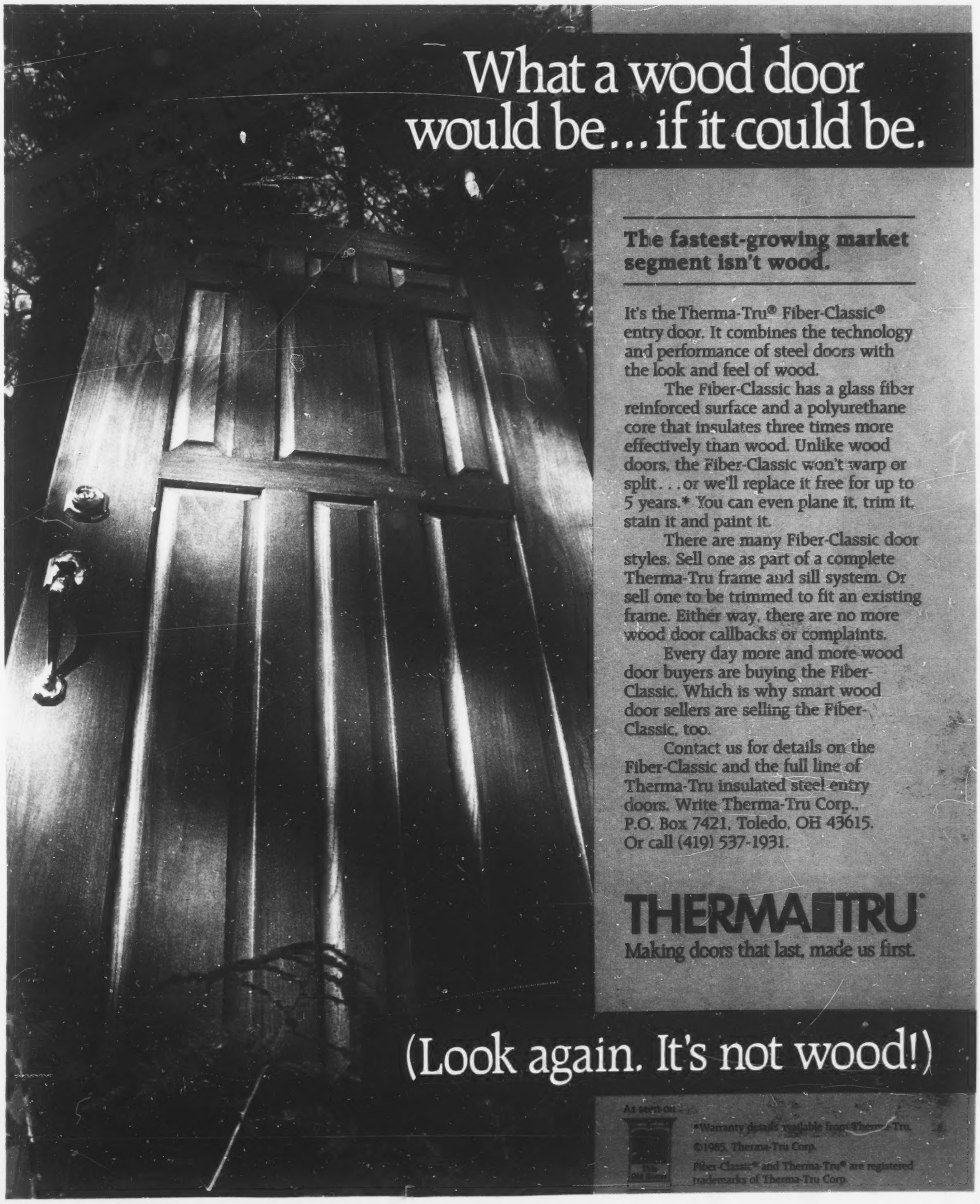
Levy's personal approach to how his staff works is also reflected in his training program, and in his on-going training sessions. "We try to get everyone to understand procedures and to do everything like they were me," says Levy.

In order to impart his techniques, Levy has training sessions for current employees every Saturday morning. "The biggest thing we harp on is how to handle customers," says Levy. In addition to handling customers, Levy's Saturday morning sessions also focus on sales techniques and product knowledge. These sessions are led by manufacturer representatives or by experienced employees.

When Levy's brings in a new employee for its sales staff, the person spends two weeks in training before working on the sales floor. During that two weeks the trainee reviews the company's training manual and listens to instructional tapes.

After the books and tapes, the trainee moves on to a series of meetings with the buyers, management, credit, advertising and warehouse workers. During each of those meetings the trainee learns what each department does and how that relates to the trainee's responsibilities. The trainee is then assigned to spend some time at the main store, talking to people in each department and learning what brands and products each department carries.

When the trainee has learned all about brands, products and procedures, he or she then goes onto the sales floor as a junior salesman and is under supervision of a senior member of the sales staff. While Levy says that some trainees learn faster than others, most are ready to work alone in about a month.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MERCHANDISING SUPPLEMENT:
The hardware department—pp. 41-58

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National
Home Center News ®

Vol. 11, No. 22 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. October 21, 1985

As Hurricane Gloria approached, employees boarded up the front of this Lowe's store in Virginia Beach, Va. NHCN photo

Hurricane wreaks havoc on East Coast dealers

By Phillip M. Perry
NHCN senior editor

REGIONAL REPORT — Hurricane Gloria stormed up the East Coast Sept. 27, leaving in its wake a long string of damaged home center roofs, blown-down signs and flooded showroom floors.

The storm did its greatest damage where it first hit land, in Monteo, N.C. An Ace Hardware store was destroyed when high winds blew a power line onto its roof, causing a fire.

As the storm moved northward, it began to flood showrooms of stores located near beach areas. Close to 12 in. of water flooded Shoemaker Lumber, Ocean City, N.J. "We chose to do business on a barrier reef, so we have to live with it," said Fred Tarves, president of Shoemaker.

Widespread damage was reported when the hurricane slammed into Long Island. In the town of Islip, a Lumber Headquarters store lost 7,500 sq. ft. of its roof to the high winds. After the roof landed along a two-block street of the adjacent highway, the wind tore loose the store's air-conditioning unit, which bounced along the decking, resulting in further damage. Including the destruction of a 6-ft.-tall free-standing sign which blew down at Lumber Headquarters' Levittown, N.Y., store, damage for the chain came to about $40,000.

"We should get the store in

(Continued on page 12)

Boise sells its Calif. stores; retail units pared to only 22

By John Caulfield
NHCN senior editor

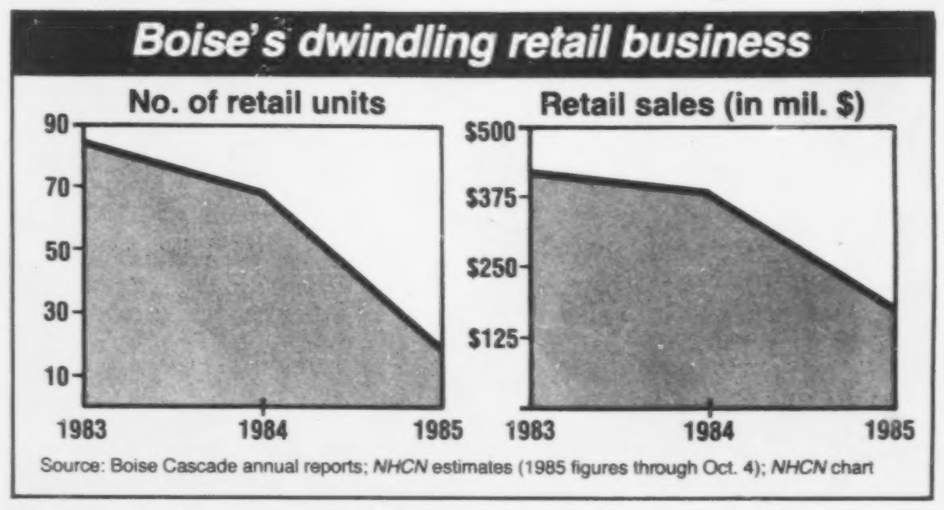
SAN DIEGO — Boise Cascade has sold off its eight stores and one wholesale unit here for $27 million to a group of investors that includes former Boise management, as the Idaho company continues to dismantle its once-giant retail operations.

Its California division—which includes seven retail stores averaging 20,000-sq.-ft. each, a large contractor yard and a distribution facility—did an estimated $125 million in sales last year, and was considered to be the most profitable of Boise's retail and wholesale holdings in its building materials distribution group.

This most recent sale leaves Boise Cascade with 22 retail units and nine wholesale facilities. Earlier this year, the company sold off 23 stores in Texas and Oklahoma to Lowe's for $50 million, and Boise has been liquidating its remaining stores in Houston (*NHCN*, Feb. 25).

The sale of its San Diego stores, though, caught some in the industry by surprise, because of the stores' reputed profitability. Boise's divestment of these units is further evidence to some that the com-

(Continued on page 89)



Over the last three years, Boise Cascade has dramatically divested itself of its retail operations.

Brit conglomerate set to buy Williams Bros.

ATLANTA — Blue Circle Industries, a $1.2 billion London-based manufacturer of cement, as well as bathroom and decorative products, signed a letter of agreement to acquire Williams Brothers on Sept. 27.

Scheduled to be closed by the end of November, the deal included all nine of the Williams Brothers Home Centers, which sold $60 million worth of merchandise last year. It also included the company's 27 ready-mix concrete plants, which had an estimated volume of $170 million in 1984.

Terms of the transaction were not disclosed. One Atlanta business observer characterized as "low" an estimate of $80 million to $90 million published by Reuters News Service.

(Continued on page 89)

Hechinger secures toehold for Long Island expansion

By Donald Longo
NHCN managing editor

EAST NORTHPORT, N.Y. — Hechinger will become the first major chain in over a decade to invade the highly lucrative and competitive Long Island home improvement market when it opens the first of a three possible stores in Suffolk County early next year.

Retail and real estate sources on Long Island report that the Landover, Md.-based chain of 49 home centers will lease a 35,000 to 40,000-sq.-ft. building on Jericho Turnpike here in East Northport. According to competitors in the market, Hechinger is close to securing two other sites in busy retail sec-

Affluent Long Island DIYers appear ripe for home center invasion. Special market survey of consumers' attitudes, page 3.

tions of central Suffolk County. Sources conjectured that

(Continued on page 89)

Hardware shines at home centers

Hardware department sales moved ahead of paint and home decorating products as the third largest sales category at home centers last year. At the same time, home centers out-performed hardware stores at their own specialty, according to figures contained in three reports recently published by the National Retail Hardware Assn. The reports show that while hardware stores registered higher gross margin in the hardware category than home centers, the latter group of stores was able to achieve a greater return in margin for their investment in inventory. NHCN *examines the high-powered hardware department in a supplement beginning on page 41.*

High winds from Hurricane Gloria knocked a power line onto the roof of the Ace Hardware store in Manteo, N.C., causing a fire that destroyed the structure. Story, page 12.

Photo by Drew C. Wilson, *The Coastland Times*, Manteo, N.C.

NEWSBREAKS

HANDY ANDY TAKES PARTNER. Belgium retailer GB-Inno-BM, which owns 26% of Scotty's, has taken "a major investment position" in 15-unit Handy Andy Home Improvement Centers of Gurnee, Ill. Terms were not disclosed.

KOPKIN QUITS MR. HOW. Jack Kopkin, the vp-merchandising for Mr. HOW Warehouse since December 1984, has left the Margate, Fla.-based chain, citing "philosophical differences" with the company's management.

INSIDE:

Lumber City reformats to combat warehouse competitors —Page 2
Grace Home Centers West restructures —Page 3
Ole's Plus: built to compete with warehouse stores —Page 6
August resale activity hits highest level in 6 years —Page 10

NHCNews Briefs

Industry Update

HomeClub lowers offering price

FULLERTON, Calif. — The initial public offering price of HomeClub's common stock has been lowered to the range of $10 to $11 per share from $14 to $16 a share.

This means that the offering of 2.24 million shares of HomeClub common stock would raise between $22 million to $25 million vs. the original goal of $31 million to $36 million (*NHCN*, Aug. 12).

Wall Street sources said the stock was expected to be priced Oct. 7 and begin trading publicly on Oct. 8 under the NASDAQ symbol HCLB.

An analyst said the downward price revision was needed because the market in home center stocks has "just been devastated, and in that environment the market wouldn't stomach $14 to $16."

Lead underwriter is Morgan Stanley & Co.

McCormick project jeopardized

CHICAGO — Construction on the 533,000-sq.-ft. addition to McCormick Place could stop by the end of the month if Illinois Gov. James R. Thompson and Chicago Mayor Harold Washington cannot agree on how to solve a funding problem by the middle of October, according to sources close to the issue.

The Illinois Legislature was scheduled to meet on Oct. 15, 16 and 17 and then again, if necessary, on Oct. 29, 30 and 31, to vote the city's Metropolitan Fair and Exposition Authority, operators of McCormick Place, more money to finish the work, according to Judith Erwin, press secretary to Illinois Sen. Philip J. Rock, president of the Illinois senate.

The Authority is seeking additional bonding authority of more than $54 million to complete the project.

Erwin said that $54 million figure could rise to as much as $70 million in order to finish the addition, scheduled for completion by May 15, 1986.

The Legislature met on Oct. 2, in a special session, to deal with the issue but because the Mayor and Governor had not yet come to terms, the subject was not brought before the 177-member congress.

Home Depot opened 4 in Sept.

ATLANTA — The Home Depot, continuing its fast-track expansion pace, opened four stores during the last week of September—one each in Baton Rouge, La., and Kendal, Fla., and two in Jacksonville.

Senior vp Ron Brill said the 80,000-sq.-ft. store in Baton Rouge replaced an existing outlet in that city which had been part of the Bowater chain acquired last fall.

Earlier in September, The Home Depot opened its second outlet in Tucson, Ariz., on Sept. 5, and its third unit in southern California, in San Bernardino, on Sept. 16.

Home Depot now has 46 stores.

Handyman comp-store sales up

SAN DIEGO — Handyman Corp. reported a 15.5% sales increase in comparable stores for the 13-week period ended Sept. 28. However, overall sales dropped 15.4% to $60.9 million. The decline was attributed to the closure of 21 stores in Texas and Oklahoma in the summer of 1984.

According to Handyman president Harvey Rosen, "unusually high" sales were posted during July and August 1984 because of going-out-of-business sales conducted in the 21 stores.

For the first nine months of the fiscal year, Handyman reported sales of $174.4 million, a 20.4% sales decrease. Comparable-store sales increased 6.9% for the nine-month period.

Handyman, formerly a division of Edison Brothers Stores Inc., was spun off as a publicly traded company on June 24.

Ernst to grow to 76 units by Nov.

SEATTLE — Ernst Home Centers is adding two stores in the Seattle market cities of Renton and Issaquah at the end of November and debuted a unit in Everett, Wash., in September.

The new-store openings will raise Ernst's chainwide count to 76 units, including three Von Tobel's home centers in Las Vegas, Nev.

The new stores are approximately 35,000-sq.-ft. each and feature decor elements created by Miller/Zell, an Atlanta design firm under contract to Ernst since earlier this year.

Last year Ernst opened only one store, in Spanaway, Wash., and retrofitted three existing stores in a rehab program that was halted shortly after Michael Rouleau, an ex-Target discount stores executive vp, was named Ernst president in February.

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Lumber City reformats to combat warehouse market-share erosion

By Brad Altman
NHCN associate editor

CRESCENTA VALLEY, Calif. — Neiman-Reed's Lumber City has completed a $120,000 retrofit of its 40,000-sq.-ft. store here and was set to stage a "Grand Reopening" promotion Oct. 8-13, company officials said.

The six-year-old unit is the first in the 12-unit chain to undergo a major reformatting as part of a corporate philosophy to emphasize big-ticket project sales and to combat market-share erosion caused by warehouse operators and by other traditional home center competitors.

Chief executive Doug Williams said the average-ticket at the Crescenta Valley unit is $17, and "we are looking for a minimum sales increase of 15%."

Williams said the revamp program is the latest of several changes that have occurred since the company returned to private ownership in April after four years of majority control by the British company UBM Group of Bristol, England.

Chairman Robert Neiman assists a customer at Neiman-Reed's Lumber City store in Crescenta Valley, Calif. He said that changes following the company's return to private ownership present "a new ball game."

NHCN photo

The Van Nuys, Calif.-based chain's other stores are currently receiving facelifts ranging from cosmetic touchups to major overhauls in the $800,000 chainwide remodeling program.

Highlights of the new Crescenta Valley store configuration include wider aisles to accommodate larger shopping carts, gondola runs extended to 40-ft. from 20-ft. to emphasize the deep merchandise assortment, bold signs attached to 4-ft., low-profile gondolas and a newly painted, crisp white inte-

(Continued on page 90)

Independent sheds lumber image for 'one-stop shop' home center

By Laura Liebeck
NHCN field editor

RHINEBECK, N.Y. — Last month 39-year-old local independent Williams Lumber Inc. doubled the square footage of its main store in Rhinebeck, added 20% more stock keeping units and changed its racking and color scheme in an effort to shed its old lumber store image for a modern home center one.

But despite the physical changes geared to the growing DIY trade, Williams executives didn't forget their contractor customers who still comprise 60% of the company's business. A new separate contractor sales department was added and a company millwork plant is due to open next year.

"What we try to do is gear our needs to the community," said Don "Sandy" Williams, president. "We're trying to make it [the store] a one-stop shop."

With that goal in mind, Williams Lumber signed on with Ace Hardware's Store of the Future program last year when Ace introduced the plan in Las Vegas. On Sept. 13 and 14 the two-unit retailer, located in a small but growing community in upstate New York, two hours north of Manhattan, unveiled its 24,000-sq.-ft. retrofit filled with 12,000 stock keeping units presented in enlarged departments with greater breadth and merchandised on higher racking.

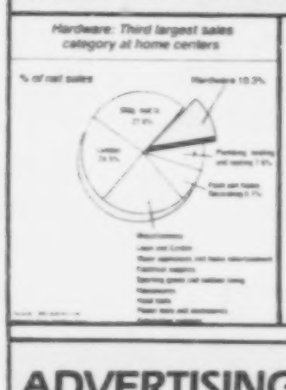
The retrofit, which was designed by Ace and the New York Chapter of the National Retail Hardware Assn., punched up the look of the long and narrow building with 7-ft. racking placed along the outer rim of the store, while about half of its old 54-in. racks were kept for the center of the building.

Known in the area for its expert service and its full-line plumbing, electricals and building materials presentations, as well as for its custom kitchen department, the retrofit furnished Williams Lumber with two new characteristics (neither of which is part of the Ace program): a separate contractor sales department with its own staff and a balcony overlook from where the company officers get a bird's eye view of the store. This perch helps curtail thefts and has already in-

(Continued on page 90)

Highlights in this issue

MERCHANDISING SUPPLEMENT: THE HARDWARE DEPT.



- *Stiffer competition pressures retailers to consider bar coding*—**Page 41, 58**
- *Home center hardware depts. get spruce up*—**Page 42**
- *Dealers want more than just delivery*—**Page 44**
- *Capital costs lead to sale of Easco Hand Tools*—**Page 47, 48**
- *Home centers out-hardware hardware stores*—**Page 47, 56**
- *Embracing sharply merchandised programs*—**Page 53**
- *New study finds correlation between skills & products*—**Page 53-54**
- *SK Hand Tools to merge with Buffalo, N.Y., firm*—**Page 56**

ADVERTISING & MARKETING

- *Emhart acquisition of True Temper signals shift toward consumer sales*—**Page 33**
- *True Value, Kellogg promote free trowels on flake boxes*—**Page 33**
- *National Home Center Industry Advertising Awards: December deadline closing in*—**Page 34**
- *Consumer appreciation Sale creates goodwill, generates cash*—**Page 37**
- *Stambaugh-Thompson offers free landscape design service*—**Page 38**

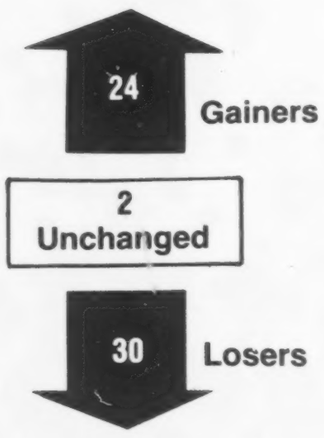
INDEX

Ad Angles	*37, 38*
Calendar	*83*
Classified	*85-88*
Editorial	*8*
Financial News	*4, 5*
Housing Watch	*10*
Lumber Report	*6*
New Products	*72, 74, 76*
New S&O Products/Equipment	*69*
People	*84, 88*
Price Point Survey	*70*
Security/Shortage Control	*66*

SYSTEMS & OPERATIONS

- ***Curbing collection woes***—*In an effort designed to reduce the risks that its members inherently run in extending credit, Central Builders Supplies has introduced a new credit card program*—**Page 65**
- *Are you being taken to the cleaners by your janitorial service? After hours work may require monitoring*—**Page 66**

FINANCIAL NEWS

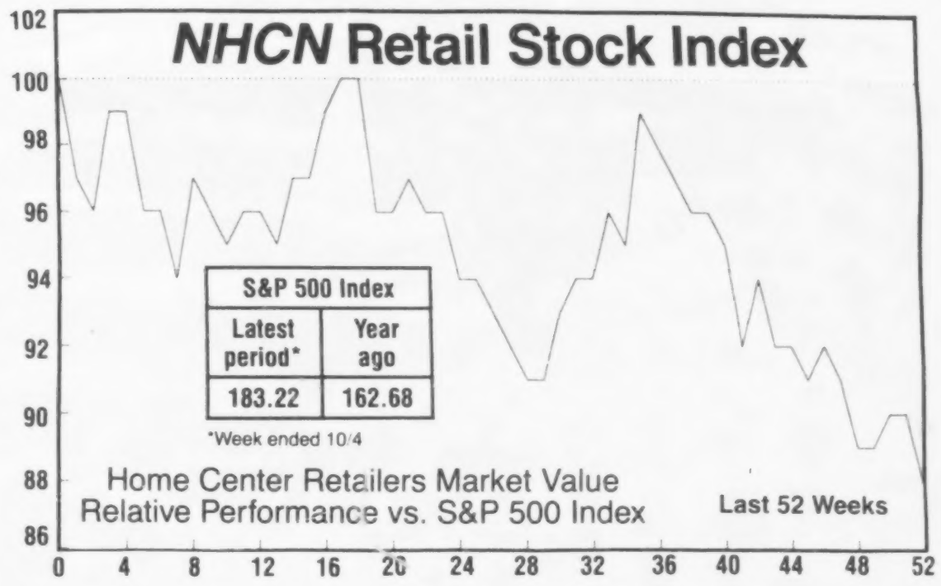


Homecrafters Warehouse bounced back somewhat from a 45% price decline during the previous period to close the latest two-week period ended Oct. 4 at $3.50, up 27.3% over the past two weeks. It was also one of the most active stocks in the home center industry during that period, trading at an average volume that was 181.1% higher than its average volume of the previous 12 weeks. Edward Hines Lumber, which saw its stock price dip 1.2%, and Hechinger A, which experienced a 4.3% price decline over the period, were also among the most active retail stocks.

Declining home center stocks out-numbered percentage price gainers 30 to 24, with two issues unchanged, for the two-week period ended Oct. 4. Among the losers were: National Lumber, down 12.5% to $5.25; Wolohan Lumber, down 5.9% to $6; Hechinger A, down 4.3% to $16.50.

Tool-maker Emhart Corp., which recently acquired the True Temper division of Allegheny International (see page 33 for story on Emhart's efforts to become more of a force in the DIY consumer hard lines market) was down 3.9% to $27.75.

Evans Products, a company that has experienced even more trouble than Homecrafters, was up 7.7% to $1.75. Color Tile, up 5%, Erb Lumber up 4.3% and Pay 'N Pak, up 3.2%, were price gainers among retailers.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Hines Ed Lumber O	80	309.1	- 1.2
Triangle Pac N	921	252.4	10.6
Potlatch Cp N	2,526	241.7	9.3
Allegheny Int N	3,053	234.1	13.7
DeSoto Inc N	407	196.6	- .4

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Homecrafters Whse M	1,815	181.1	27.3
Certain-teed N	2,086	161.9	- 1.5
Stanley Works N	3,753	159.6	.9
La Pacific N	6,601	158.3	1.4
Hechinger A M	3,970	156.5	- 4.3

TOP GAINERS

Company & Market	2-Weeks Ended 10-4-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Homecrafters Whse M	3.50	27.3	1,815
Allegheny Int N	23.88	13.7	3,053
Am Standard N	30.50	13.0	4,423
Triangle Pac N	32.50	10.6	921
Potlatch Cp N	36.63	9.3	2,526

TOP LOSERS

Company & Market	2-Weeks Ended 10-4-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Natl Lumber M	5.25	- 12.5	392
Waxman Ind M	10.88	- 11.2	880
INTERCO Inc N	64.00	- 8.2	7,308
Std Brd Pnt N	19.00	- 7.3	2,591
Wolohan Lumber M	6.00	- 5.9	332

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: Price 2-Weeks Ended 10-04-85 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume 2-Weeks Shares Traded Total (100)	Volume 2-Weeks Shares Traded % Out %	Volume 12-Week Avg. Vol. As % Out %	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	43.25	- .63	- 1.4	44.75	42.25	51.00	36.25	6,224	2.28	1.43	59.4	18.7	1.90	4.4	.....	6 mos.	06-85	952.8	- 4.6	31.7	- 5.4	1.07	- 7.8	1910.3	- 1.9	65.0	5.9	2.19	3.8
Color Tile M	18.25	.88	5.0	18.38	17.38	20.00	15.25	3,002	3.23	2.29	41.0	12.6	.00	.0	.....	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros N	32.00	- .13	- .4	32.25	31.63	38.25	31.00	405	.40	.80	- 50.0	13.0	1.60	5.0	.....	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber M	24.00	1.00	4.3	25.50	23.00	26.50	18.00	28	.31	.18	72.2	5.4	.00	.0	.....	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod N	1.75	.13	7.7	1.75	1.50	6.00	1.50	694	.50	.21	138.1	NE	.00a	.0	.....	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent A	22.75	.25	1.1	22.75	22.25	24.88	19.38	17	.04	.14	- 71.4	27.4	.15	.7	.....	6 mos.	07-85	53.5	- 28.6	3.4	36.0	.43	34.4	127.2	1.4	3.6	414.3	.45	309.1
Grace W R N	38.88	- 1.63	- 4.0	40.88	38.63	45.00	38.50	7,190	1.48	.85	74.1	11.3	2.80	7.2	.....	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Hechinger A M	16.50	- .75	- 4.3	17.25	16.00	23.19	14.41	3,970	4.54	1.77	156.5	NA	.16	1.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	16.75	- .25	- 1.5	17.25	16.50	24.19	14.59	1,115	.83	.43	93.0	17.6	.08	.5	.....	6 mos.	07-85	129.3	13.0	7.2	7.5	.30	3.4	243.9	20.6	11.0	8.9	47	6.8
Hines Ed Lumber O	42.00	- .50	- 1.2	43.00	41.50	43.75	36.50	80	.45	.11	309.1	22.1	1.00	2.4	.....	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse M	3.50	.75	27.3	3.88	2.63	10.00	2.63	1,815	6.41	2.28	181.1	NE	.00	.0	.....	6 mos.	07-85	51.8	19.4	(1.8)	- 100.0	(.64)	- 100.0	97.6	22.2	(3.3)	- 100.0	(1.18)	- 100.0
Home Depot N	11.50	- .25	- 2.1	12.25	10.88	20.38	10.50	6,492	2.59	2.40	7.9	25.6	.00	.0	.....	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc N	64.00	- 5.75	- 8.2	70.00	63.50	73.63	55.75	7,308	5.19	3.58	45.0	16.0	3.08	4.8	.....	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	31.75	- .50	- 1.6	32.75	30.63	41.50	30.63	27,192	2.17	1.54	40.9	9.6	1.40	4.4	.....	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos N	21.25	- .38	- 1.7	23.00	21.13	31.13	20.75	5,971	1.65	.87	89.7	12.6	.36	1.7	.....	6 mos.	07-85	595.6	22.8	20.9	1.5	.58	1.8	1047.9	21.1	32.8	- 1.5	.91	- 1.1
Mich General A	4.88	.13	2.6	5.13	4.50	8.13	4.50	3,029	2.67	1.39	92.1	NE	.00	.0	.....	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Natl Lumber M	5.25	- .75	- 12.5	5.75	5.25	7.50	4.50	392	.70	.90	- 22.2	22.8	.00	.0	.....	6 mos.	06-85	36.5	9.9	.5	25.0	.09	28.6	67.9	10.0	.7	.0	.12	- 7.7
Pay N Pak N	12.25	.38	3.2	12.63	11.63	16.25	11.50	1,586	1.59	1.27	25.2	12.5	.64	5.2	.....	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	14.00	.00	.0	14.50	13.88	23.38	13.75	12,563	3.43	1.46	134.9	12.8	.16	1.1	.....	9 mos.	08-85	380.8	13.8	12.4	- 3.9	.36	- 10.0	1011.4	19.8	27.0	- 2.5	.80	- 7.0
Scotty's Inc N	12.75	- .25	- 1.9	13.13	12.75	16.38	12.50	891	.67	.50	34.0	9.9	.52	4.1	.....	fiscal	06-85	120.4	5.6	5.5	- 6.8	.39	- 9.3	453.4	6.8	17.5	- 3.3	1.29	- 7.2
Sears, Roebuck N	32.50	- 1.25	- 3.7	34.13	32.13	39.13	29.75	44,962	1.24	.60	106.7	8.7	1.76	5.4	.....	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Pnt N	19.00	- 1.50	- 7.3	21.00	19.00	23.88	17.75	2,591	2.32	1.53	51.6	10.6	.56	2.9	.....	6 mos.	07-85	95.5	12.5	5.4	- 15.6	.48	- 15.8	176.4	8.4	10.2	- 7.3	.91	- 8.1
Supermkts Gen N	41.00	- 1.63	- 3.8	44.25	40.63	48.38	26.50	3,518	1.97	.87	126.4	11.7	.48	1.2	.....	6 mos.	07-85	1287.3	32.1	6.1	- 61.1	1.01	14.8	2502.7	34.5	17.9	- 10.1	1.67	49.1
Wolohan Lumber M	6.00	- .38	- 5.9	6.25	6.00	7.25	4.50	332	.57	.52	9.6	11.8	.16	2.7	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers																													
Lewis Palmer M	6.88	.03	.5	6.97	6.38	9.38	6.38	358	.92	.56	64.3	57.3	.27b	3.9	NEW	6 mos.	07-85	37.5	- 6.9	.2	- 60.0	.06	- 57.1	70.5	1.6	.2	- 75.0	.06	- 75.0
Manufacturers																													
Allegheny Int N	23.88	2.88	13.7	24.50	21.13	28.75	20.25	3,053	2.84	.85	234.1	NE	1.40	5.9	.....	6 mos.	06-85	500.5	- 3.8	10.0	- 40.5	.23	- 54.0	1007.7	- 1.0	15.1	- 32.3	(.12)	- 100.0
Am Standard N	30.50	3.50	13.0	31.25	27.50	35.38	26.75	4,423	1.13	1.02	10.8	10.2	1.60	5.2	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld N	35.25	1.38	4.1	35.75	33.00	39.75	27.75	4,412	1.84	1.20	53.3	9.2	1.30	3.7	.....	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker N	18.00	.50	2.9	18.13	17.50	26.88	17.25	18,987	3.77	1.53	146.4	15.0	.64	3.6	.....	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed N	24.13	- .38	- 1.5	24.63	24.00	28.50	15.75	2,086	1.10	.42	161.9	11.4	.70	2.9	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl N	21.13	- .13	- .6	22.13	20.50	26.75	18.50	23,981	2.58	1.19	116.8	NE	.52	2.5	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp A	14.50	- .38	- 2.5	15.00	14.50	22.19	11.25	59	.39	1.01	- 61.4	13.1	.16	1.1	.....	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc N	32.25	- .13	- .4	32.50	31.75	37.88	30.63	407	.86	.29	196.6	9.8	1.40	4.3	.....	6 mos.	06-85	127.9	1.4	6.4	.0	1.34	17.5	220.9	2.8	7.2	- 28.0	1.51	- 15.6
Emhart Corp N	27.75	- 1.13	- 3.9	29.25	27.50	33.13	26.25	3,517	1.28	.60	113.3	9.4	1.40b	5.0	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacifc N	21.38	- .63	- 2.8	22.75	21.00	27.38	20.50	13,838	1.35	.95	42.1	20.6	.80	3.7	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp N	17.25	- .38	- 2.1	17.88	17.13	20.72	15.72	1,375	.71	.79	- 10.1	9.5	1.00b	5.8	.....	6 mos.	06-85	230.7	9.4	10.6	6.0	.57	3.6	428.0	7.3	16.6	.0	.90	- 1.1
La Pacific N	18.63	.25	1.4	18.63	17.63	24.75	17.63	6,601	1.86	.72	158.3	18.1	.80b	4.3	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.6	7.4	- 48.3	.21	- 48.8
MacMiln Bldel N	12.88	- .38	- 2.8	13.50	12.75	21.81	12.75	122	.04	.09	- 55.6	23.8	.00a	.0	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp N	5.88	.38	6.8	6.00	5.50	8.63	5.13	3,074	1.28	2.51	- 49.0	2.6	.00	.0	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp N	32.00	.63	2.0	33.50	30.63	36.00	24.13	6,677	1.15	.80	43.8	22.9	.56	1.8	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds M	17.38	- .38	- 2.1	17.63	17.38	20.25	14.63	193	.76	.67	13.4	6.6	.01	.1	.....	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum N	32.25	.22	.7	33.00	30.69	34.59	22.69	4,104	1.76	1.18	49.2	6.6	1.52	4.7	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	1.52	20.6	809.4	- 3.6	61.5	15.0	2.63	14.8
Newell Co N	17.25	.63	3.8	17.50	16.25	19.00	13.25	753	.87	.35	148.6	10.1	.50	2.9	.....	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning N	32.75	.00	.0	33.75	32.13	37.00	28.88	4,418	1.49	1.05	41.9	8.3	1.40	4.3	.....	6 mos.	06-85	789.9	3.3	20.2	- 18.5	.68	- 20.0	1467.9	.6	48.2	5.9	1.63	5.2
Ply-Gem A	15.88	- .25	- 1.6	16.00	15.50	16.50	12.50	185	.50	.69	- 27.5	15.1	.16	1.0	.....	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.0	- 16.7	.52	- 24.6
Pope & Talbot N	17.75	.75	4.4	18.25	16.88	21.50	15.25	238	.40	.23	73.9	NE	.80	4.5	.....	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp N	36.63	3.13	9.3	38.00	33.00	38.13	28.00	2,526	1.64	.48	241.7	14.7	1.56	4.3	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms N	35.00	- .88	- 2.4	36.63	34.75	40.00	25.50	3,062	1.34	.69	94.2	11.6	.92	2.6	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind N	11.88	.25	2.2	12.63	11.13	17.88	11.13	3,099	3.34	1.62	106.2	NE	.00	.0	.....	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works N	28.50	.25	.9	29.00	27.75	31.38	23.88	3,753	1.35	.52	159.6	10.6	1.04	3.6	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds N	17.25	.13	.7	17.50	17.00	19.38	13.97	382	.45	.49	- 8.2	9.6	.68b	3.9	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac N	32.50	3.13	10.6	34.13	29.00	34.13	22.75	921	2.22	.63	252.4	9.6	1.00	3.1	.....	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp N	37.88	- .25	- .7	39.00	36.63	44.50	26.38	6,099	1.84	.79	132.9	6.5	1.68	4.4	.....	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim N	33.25	- .75	- 2.2	34.63	33.13	39.25	26.75	6,252	2.97	1.46	103.4	6.8	1.40	4.2	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	10.88	- 1.38	- 11.2	12.38	10.00	16.88	5.50	880	2.83	1.33	112.8	12.2	.08	.7	.....	fiscal	06-85	21.3	80.5	.5	66.7	.23	76.9	82.7	98.3	2.2	120.0	.89	122.5
Weyerhaeuser N	27.13	.63	2.4	27.38	26.13	34.00	25.88	14,142	1.09	.57	91.2	22.4	1.30	4.8	.....	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

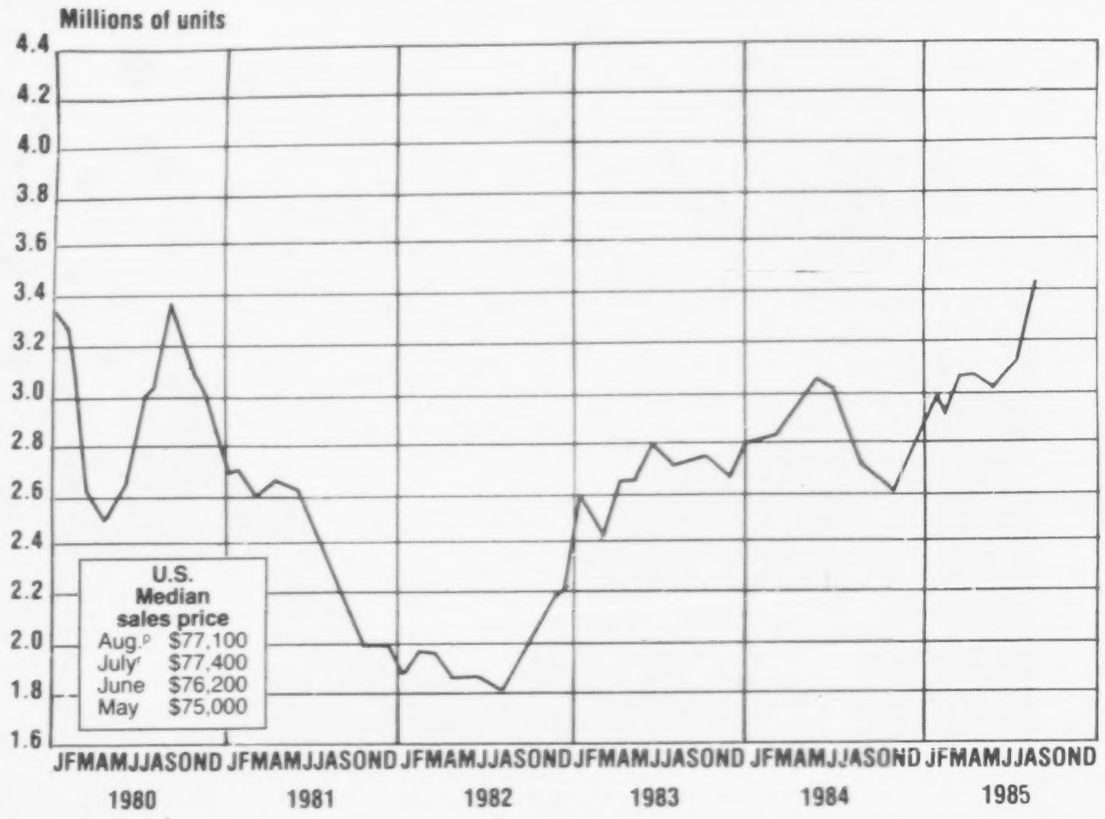
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

HOUSING WATCH

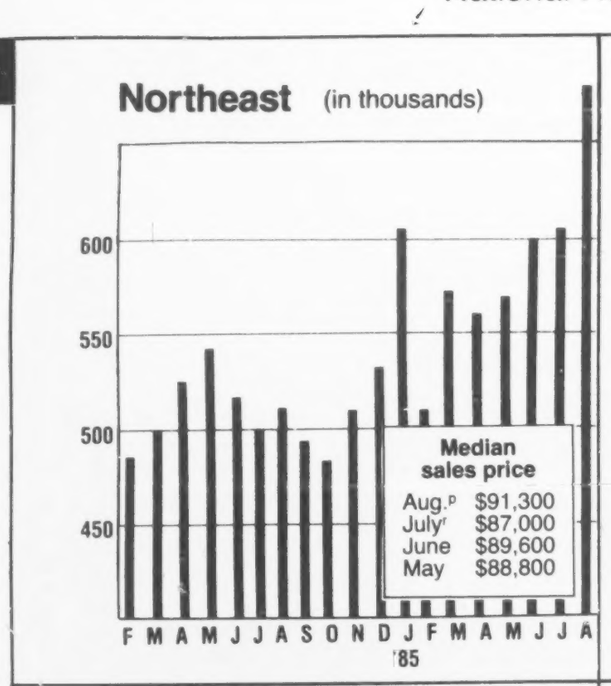
Existing single-family home sales

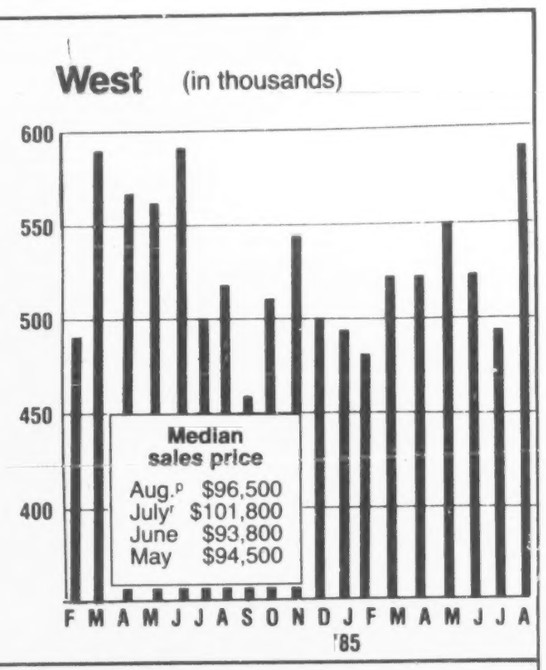


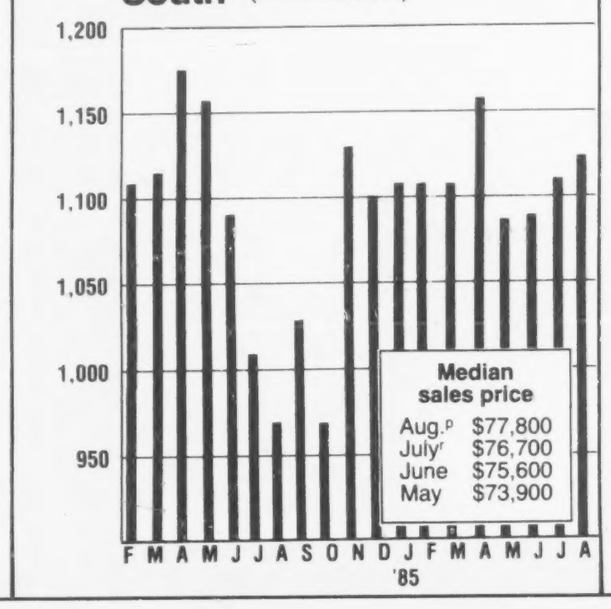
"Clearly, the demand for housing remains strong," said David D. Roberts, president of the National Assn. of Realtors, after reviewing August's resales activity, which set a six-year record. At 3.43 million units, seasonally adjusted, August's resales level comes close to breaking the 3.48 million-unit high set in November 1979.

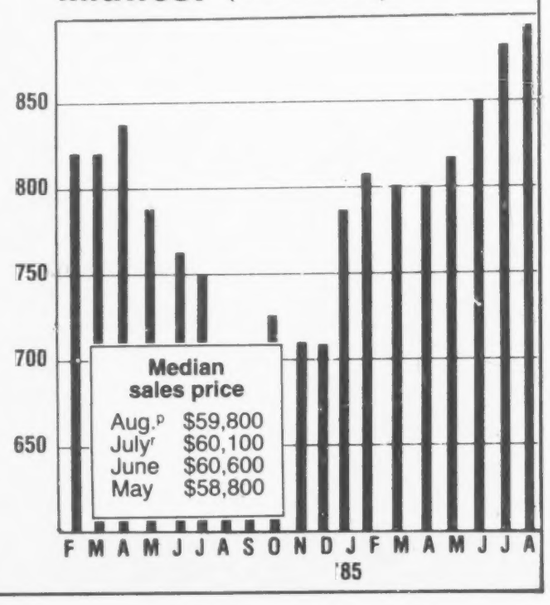
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









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August resales hit highest level in nearly 6 yrs.

NATIONAL REPORT — Sales of existing single-family homes rose 9.2% in August to a seasonally adjusted annual rate of 3.43 million units, the highest level in nearly six years, according to the National Assn. of Realtors (NAR).

August also marked the sixth consecutive month that resale activity topped the three-million-unit mark.

David D. Roberts, president of the NAR, explained the recent increase is due to a strong demand for housing, declining mortgage rates—which have dropped about one and a half percentage points in the last year—and moderate increases in home prices. In fact, the median-priced home in August fell $300 to $77,100.

Jack Carlson, NAR's chief economist and executive officer, is predicting that all these factors should combine to produce a 6.6% increase in existing home sales this year, to 3.06 million units, up from last year's 2.87 million units. Next year, he is projecting that 3.12 million units will be sold, a 2% increase over 1985.

In addition, Carlson predicts that resale home prices should increase about 3.5% this year—about the same level as 1984—and rise by 4% in 1986.

The strong sales pace in August was set by gains in all four regions, with the West leading the other three areas. It charted a whopping 20.4% gain in existing home sales, from 490,000 units in July to 590,000, units, seasonally adjusted. In addition, the median home price here fell from July's record-breaking $101,800 down to $96,500, probably due to families buying smaller homes, several NAR economists explained.

Resale activity was also strong in the Northeast. The region produced a seasonally adjusted 680,000 units, up 80,000 units from July. At the same time, the median home price jumped $3,700 to $91,300, 12.3% above the $81,300 median-priced home in August 1984.

Resales in the South rose 8% in August to 1.22 million units and home prices jumped 7.6%

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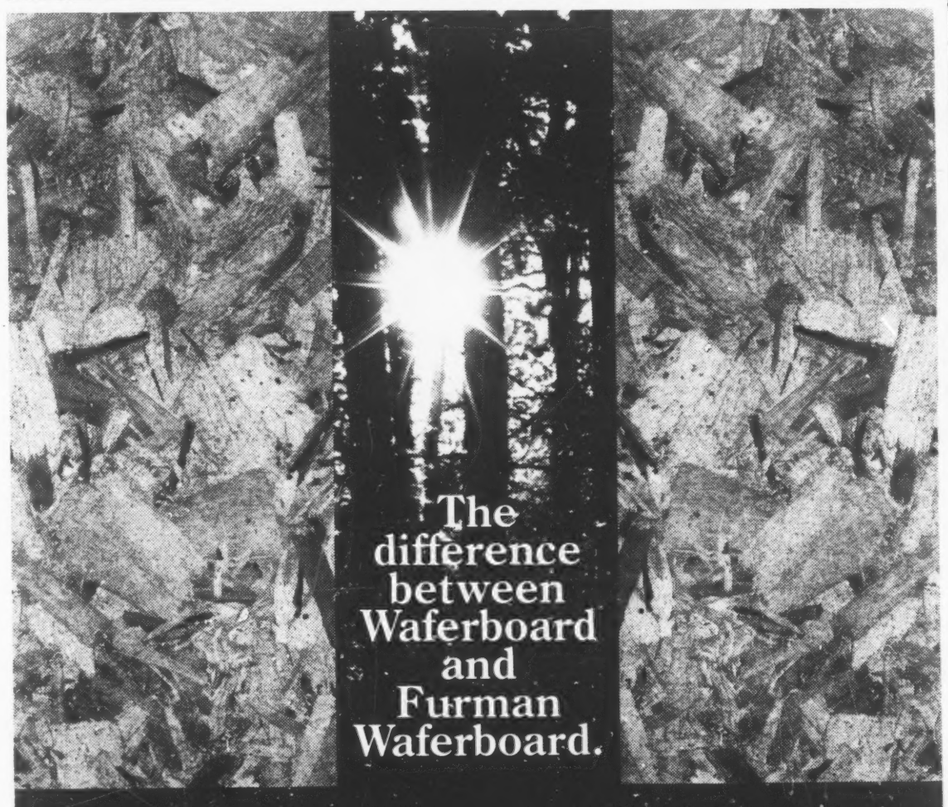

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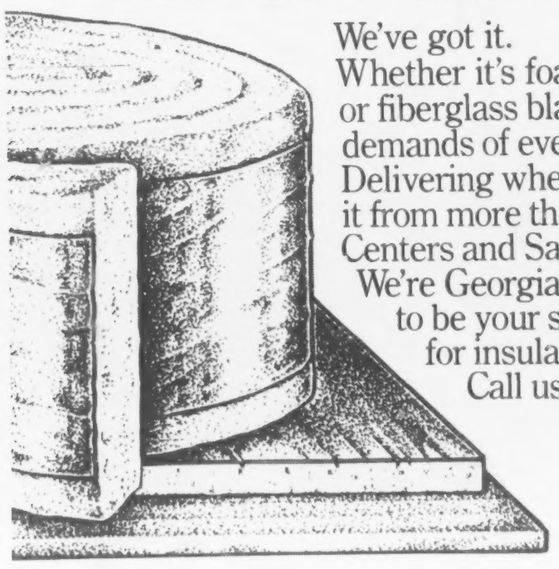

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LUMBER REPORT

Martin resigns from NLBMDA; Big guns threaten independents

WASHINGTON — John Martin, executive vice president of the National Lumber and Building Materials Dealers Association for the past six years, announced his resignation from the organization, effective Oct. 1.

The association manager said he was resigning to join the Dairy and Food Industries Supply Association to assume similar duties.

Martin, whose broad executive management of trade associations has included such fields as peanut growers, manufacturers and contractors, said the NLBMDA had made some significant gains during the past six years.

Among the achievements Martin pointed out:

- The purchasing of the group's own building for a headquarters in the capital;
- Greater influence and rapport with Congressional representatives;
- Production of the association's slick magazine, The Building Materials Retailer and;
- The reunification of regional associations under a national umbrella, especially the Northeastern Retail Lumbermens Association which rejoined last year.

"I think we've done a lot," Martin said, "to address the industry's needs. I think we became more effective on Capitol Hill to the extent that Congressmen are calling us now."

Martin said one of his last developments was the establishment of a young lumbermens executive society that would help educate and train retail managers for vital roles.

But Martin said his departure from the organization comes at a time when dark clouds on the horizon threaten the stability of the organization's predominant membership, the independent retailer and small chain operator.

"More and more mass merchandisers are coming into the field, threatening the independents and the small chains," Martin said. "I think the issue for the next five years is to help the independents concentrate on quality and service."

Following six years serving the NLBMDA as executive vp, John Martin resigned effective Oct. 1. Of the Association, Martin said, "I have not represented an industry that was as easy or as enjoyable. Lumber dealers are good, basic businessmen, and I'm going to miss that."

Photo courtesy Gatty Communications, Laurel, Md.

Of the association's 25 state and regional allied organizations, about 14,000 retail lumber dealers are represented, most of whom are small independents, according to Harry Horrocks, spokesman for the organization and who will become the interim executive vice president.

Martin added that of all the trade associations he has led during his career, he derived the most satisfaction from his dealings with lumber retailers.

"I have not represented an industry that was as easy or as enjoyable," Martin said. "Lumber dealers are good, basic business people, and I'm going to miss that."

In the meantime, a search committee has already begun the job to find Martin's successor. While the president of the NLBMDA is an elected position held for a one-year term by a lumber retail executive, the executive vice president requires association management skills and, consequently, is more permanent.

FUTURES

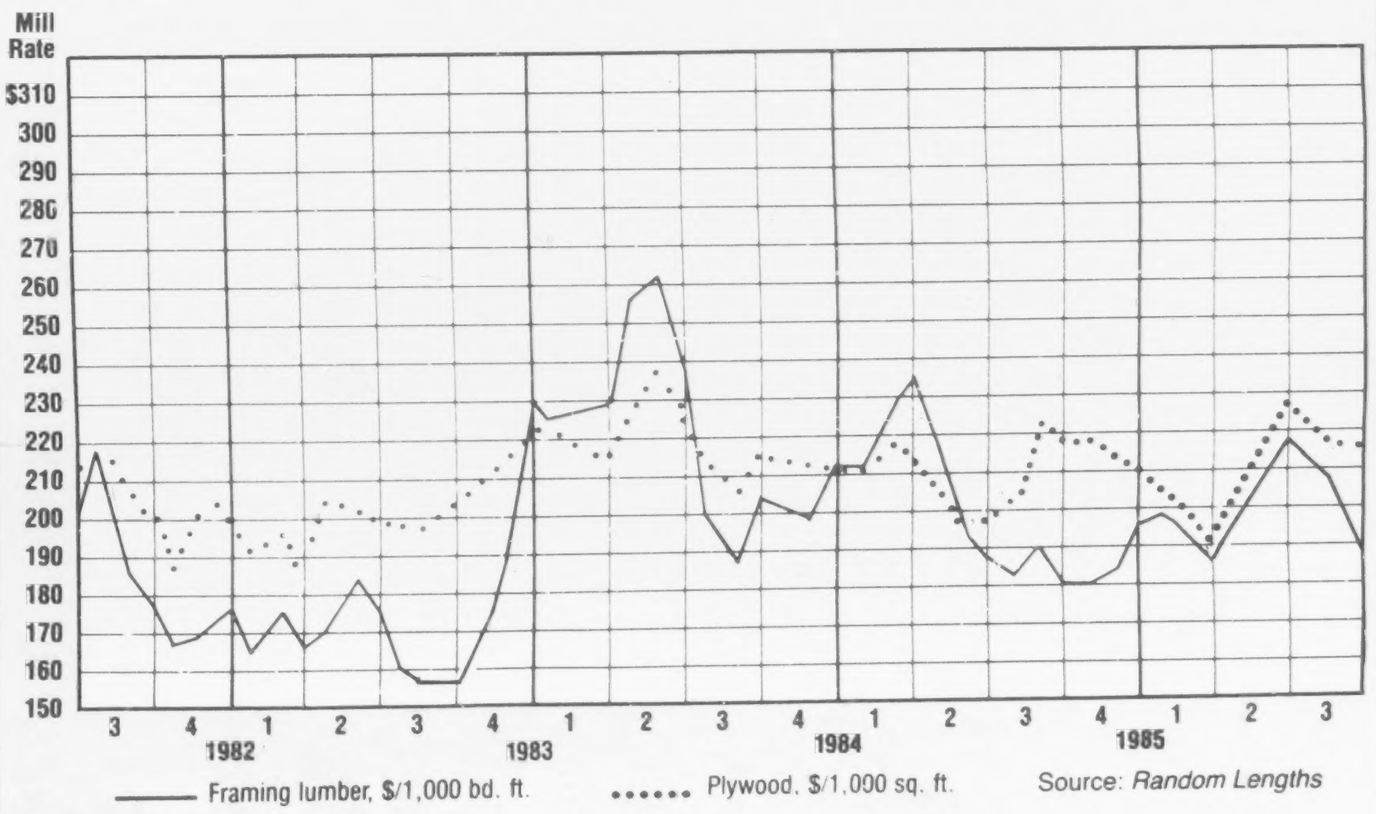
Two weeks ended Sept. 26, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Nov. '85	144.50	139.00	140.70	138.10	3,714	186.10	126.50
Jan. '86	146.80	139.90	144.40	138.40	2,143	187.30	133.60
March	151.20	144.00	149.50	142.90	969	195.00	139.70
May	154.90	148.50	153.50	146.70	390	176.40	145.20
July	157.50	153.50	155.80	149.60	97	183.40	149.50
Sept.	159.00	156.30	158.20	153.00	68	180.00	152.90
Nov.	159.00	156.50	159.00	153.00	5	159.00	153.00

Total Contract Vol. (Through 9/26): 15,013 — **Previous Two Weeks: 12,041**
Total Open Interest (As of 9/26): 7,397 — **Previous Week: 7,527**
Cash Price: $152.88 — **Previous Week: $151.90**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Sept. 26.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

The price of framing lumber fell to $187 per thousand board feet at the end of September, a huge drop from the almost $220 price in early July.
Plywood held steady at $216 per thousand board feet, only a $1 drop from its price in August.

MERCHANDISING SUPPLEMENT: THE HARDWARE DEPARTMENT

New owner, capital cost led to Easco tool sale

By John Caulfield
NHCN senior editor

BALTIMORE — In June 1984, Russell Owings, then-president of Easco Hand Tools, told a group of hardware manufacturers about his company's success at thwarting import competition through a three-year program of massive capital expenditures for new plant and research, production cost reductions, and a new emphasis on "global" market penetration.

Owings noted that, in the previous five years, Easco's hand tools sales had "nearly doubled," and in some cases, costs had been slashed by 70%. He was also optimistic about the company's long-term prospects as, a few months earlier, Easco had just begun shipping to the National Automotive Parts Assn. (NAPA) chain, 6,200 dealers strong, as its primary mechanics tools supplier.

"To gain a stronger market position, we have accepted low profitability over the past three years," said Owings. "But this year was going to make money."

Fifteen months later, Owings is gone, the victim of a divisional management purge. And Easco Hand Tools, whose sales rose 9% to $196 million but which suffered a $12.7 million loss last year, is about to be parceled off for an estimated $110 million to a group of investors that may include some of the division's management.

Unfriendly takeover attempt

The main reason given by company officials for this sale is that Easco Hand Tools did not "fit" into the plans of Equity Group Holdings, a Washington investment firm that owns around two thirds of Easco's common stock, and is completing what has been an unfriendly takeover of the parent company.

Security analysts state that Equity is likely to merge Easco's profitable aluminum division into Danaher Corp., a 39%-owned subsidiary. Consequently, they say, Equity is looking to shed Easco's other businesses, including the hand tool segment which accounted for 34% of the corporation's $571 million in 1984 sales. Steven Rales, a partner at Equity, could not be reached for comment.

However, it also appears that Easco officials had soured on the prospects of pumping more money into the hand tool division to make it profitable.

Since 1981, the company has spent or appropriated about $40 million to modernize and automate the division's operations. And last October, Easco exchanged 380,152 shares of common stock (or an estimated $5 million to $7 million) to purchase Oxwall Tool Co., a distributor of imported hand tools with sales last year between $15 million and $18 million. This acquisition—evidence that the corporation was still interested in making this division work—gave Easco a much-needed entree into the low-end market, where foreign-made products had been taking market share out of Easco's hide.

Despite these investments, the hand tool division's sales for the first quarter of this year fell 14.1% to $40,987,000, as the demand for mechanics hand tools sagged industrywide last winter.

Easco did not break out its divisional results in the second quarter, and there is some question about the hand tool segment's profitability.

Unsatisfactory return rate

However, it appears almost certain that the division's rate of return on the corporation's investment was unsatisfactory to company officials, a factor that could have affected Easco's decision to sell the division off. In fact, in its August investment survey, Value Line, the New York investment research firm, reported that the condition of Easco's hand tool division "apparently discouraged a 'white knight' from coming forward with a better proposal" than Equity Group Holdings' $20.50 per share offering.

Phone calls to Robert Swam, Easco's president, and Robert Anderson, the chief executive of the hand tool division, were not returned. But a picture of a company that almost completely shifted its corporate philosophy and has re-evaluated its commitment to its hand tool sector emerges from interviews with former executives and security analysts, and from information contained in Easco's unusually detailed 1984 annual report.

Owings, who now owns Tool & Equipment Inc., a Baltimore distributor catering to the auto aftermarket, said the "turning point" for the hand tool division came when Thomas Maddux departed as Easco's president in January 1984, and was replaced three months later with Swam, formerly an operations executive with Black & Decker.

"Bob had a very different perspective relative to inventory, recapitalization and start-up costs than Tom did when we initiated our [hand tool] revitalization program in 1981," said Owings.

He conceded that any assessment of inventory levels, production costs and return on investment "is, like beauty, in the eye of the beholder. But there was a continuing feeling of dissatisfaction and disappointment with the division's performance, although I believe that the new management's expectations were somewhat ahead of reality."

According to an Easco source, the hand tool division "was just about breaking even" through the first half of 1984. However, its plans to completely automate its manufacturing facilities were "12 to 18 months behind schedule," according to Richard Sullivan, Easco's former chairman who left the company on June 10 of this year.

"The concept that Easco had to revamp its entire operations was good," said Ernest Kiehne, an analyst with Legg Mason Wood Walker in Baltimore. "But, as is usually the case, these grand designs always take longer and cost more than originally planned."

Easco's problems were further exacerbated by its falloff in business with Sears, and its new relationship with NAPA.

In 1981, Easco's private label business with Sears represented 78% of the division's sales; in 1984, that percentage fell to 54%. (Its contract with Sears stipulates that the giant retailer purchases 70% of its hand tool needs from Easco, an arrangement that is subject to renewal on Dec. 31, 1985.)

As a hedge against further declines in its Sears business, Easco had been attempting to better-establish its own brand with home centers and hardware stores. This effort has been only fitfully successful to this point.

Performance distorted

Easco's agreement to supply all of NAPA's stores with mechanics tools, which was struck in late 1983 and begun in the spring of 1984, reportedly put a tremendous strain on Easco's manufacturing capabilities, and, according to Owings, distorted the performance of the division in general over the short term.

"The problem Easco encountered was that the machine tools it was installing in its hand tool factories weren't producing products quick enough to meet NAPA's needs," explained Joseph Phillippi, an analyst with E. F. Hutton in New York.

The combination of these factors led to disarray in the division's inventory and cost control, said Phillippi. "All through the first half of 1984, the company was promised that production costs would be cut an average of 35%, but the division never got anywhere near that," he stated.

And in the summer of 1984, the demand for hand tools began a decline that lasted throughout the rest of the year, another factor that played havoc with Easco's inventory control. "The management of the hand tool division was telling the company to expect a dramatic turnaround in June, but those assumptions, in retrospect, appear to have been based on some pretty shaky market assessments," said Franklin Morton, an analyst with Alex. Brown & Sons in Baltimore.

He continued that "the most serious problem Easco had was that nobody in the hand tool division seemed to know what was going on, and inventory [levels] and production costs were way out of line."

In August, Swam decided to take action. Owings and other key hand tool division executives were fired. And Easco announced that it would restate its second-quarter sales and earnings, and take an $11.5 million pretax charge to operations for startup costs relating to the

(Continued on page 48)

Home centers out-hardware hardware stores

By Donald Longo
NHCN managing editor

NATIONAL REPORT — Home centers appear to be outperforming hardware stores at their own game, according to figures contained in three recently released reports by the National Retail Hardware Assn. (NRHA).

In addition, hardware surpassed lawn and garden as the third largest selling category of merchandise in home centers, according to the report entitled, "The 1985 Bottom Line."

The category accounted for 10.3% of home centers' net sales last year, ranking behind just building materials (27.6%) and lumber (24.5%) in dollar volume.

And, while hardware stores registered a higher gross margin in the hardware category than home centers, the latter group of stores was able to achieve a greater return in margin for their investment in inventory.

Each year, the NRHA mails out questionnaires to dealers to obtain data on sales, operating expenses, profits and financial performance, which it compiles into detailed financial reports for three types of hard lines retailers. In addition to the "Bottom Line" report, the NRHA publishes the "Profit Report" for DIY lumberyards and the "Management Report" for hardware stores.

According to the 1985 reports, which contain 1984 financial results, the hardware department accounted for the greatest percentage of a hardware store's total volume, sales floor space and inventory. But, on a sales per square foot basis, the category performed better in home centers and DIY lumberyards.

Hardware sales at home centers averaged $140.78 per square foot, a figure that was slightly lower than that of the previous year, but still considerably higher than the hardware stores' average of $%110.73 per square foot.

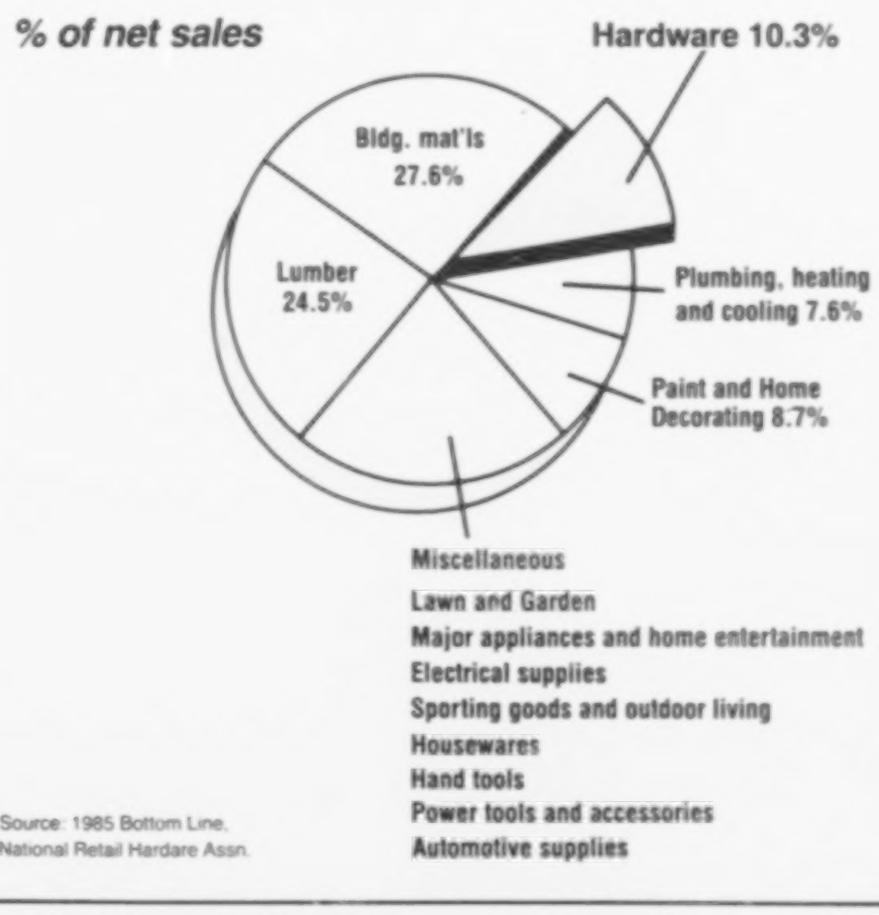
DIY lumberyards' hardware sales averaged $138.64 per square foot. But that is a big fall-off from the $162.07 those stores generated in the category in 1983. As defined by the NRHA, a DIY lumberyard is a lumber and building materials outlet that actively pursues DIY sales, has retail sales floor and carries basic hard lines.

The decrease in sales per square foot, as well as a decline in the percentage of retail sales floor space DIY lumberyards devoted to hardware last year, may reflect the difficulty many of these stores are encountering in trying to cross merchandise hard lines with commodities.

In contrast, many home centers have been broadening their product assortment in this category. As a result, home center dealers devoted a higher percentage of their sales floors to hardware last year—13.9% compared to 11% in 1983. Only building materials, with 16.4% of the sales floor, took up more

(Continued on page 56)

Hardware: Third largest sales category at home centers



Source: 1985 Bottom Line, National Retail Hardare Assn.

After building materia's and lumber, hardware sales comprise the greatest percentage of a home center's net sales.

The hardware department: Home centers play hardware stores' game

Type of store*	% of net sales '84	% of net sales '83	% of sales floor† '84	% of sales floor† '83	% of inventory '84	% of inventory '83	$ sales per sq. ft. '84	$ sales per sq. ft. '83	Gross margin % '84	Gross margin % '83	Sales to inventory ratio '84	Sales to inventory ratio '83	GMROI '84	GMROI '83
Home centers	10.3	11.1	13.9	11.0	12.0	12.5	$141	$145	40.0	38.7	5.3x	4.2x	2.13	1.62
DIY lumberyards	9.6	9.6	17.7	18.5	11.5	10.5	139	162	33.6	32.9	3.4x	3.4x	1.13	1.12
Hardware stores	17.5	18.1	18.5	16.6	17.3	17.5	111	101	42.7	43.5	3.6x	3.4x	1.53	1.47

*Average store profile:	Home centers	DIY lumberyards	Hardware stores
Net sales volume	$2.87 million	$1.68 million	$876,017
Selling area	17,163 sq. ft.	4,208 sq. ft.	6,161 sq. ft.
Total area	33,478 sq. ft.	17,598 sq. ft.	9,341 sq. ft.

†Inside sales area only
Source: National Retail Hardware Assn.

Hardware stores had a higher margin; but home centers achieved better return for their investment.

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MERCHANDISING SUPPLEMENT: THE HARDWARE DEPARTMENT

Home centers out-performing hardware stores at own game

(Continued from page 47)

room than hardware inside a home center.

Hardware stores also buttressed their representatives in their namesake department, devoting 18.5% of total sales floor space to hardware, compared to 16.6% in 1983.

Home centers' average gross margin on hardware climbed to 40%, from 38.7%—higher than for any other department. Hardware stores, perhaps feeling pressure from home centers with strong hard lines presentations, saw gross margin drop to 42.7% in 1984, from the previous year's 43.5%. Average gross margin for hardware at DIY lumberyards rose to 33.6% from 32.9% in 1983.

Home centers' gross margin return on investment (GMROI) in their hardware departments rose to 2.13, based on an annual turn rate of 5.3, making hardware the second best performing department at home centers. Paint and home decorating, primarily because of a higher turn

rate, was the No. 1 category at home centers according to the GMROI measurement.

Hardware stores were able to achieve a GMROI of 1.53 in their hardware departments, while DIY lumberyards registered a GMROI of 1.13 in hardware.

The NRHA computes the GMROI by taking the margin percentage times the sales to inventory ratio.

For its Bottom Line report, the NRHA received 195 responses from home centers, which had an average sales volume of $2.87 million and an average inside sales floor of 17,163 sq. ft.

The NRHA received 805 usable returns for its Management Report from hardware stores, which averaged annual sales of $676,017 with indoor selling space measuring an average of 6,161 sq. ft.

For the Profit Report, 227 DIY lumberyards responded to the NRHA survey. They averaged a sales volume of $1.68 million and had inside showrooms averaging 4,208 sq. ft.

SK Hand Tools Corp. to merge with Williams

CHICAGO — SK Hand Tool Corp., a manufacturer of mechanic's hand tools here, has reached an agreement in principal to merge with J. H. Williams Industrial Products Inc., a Buffalo-based producer of industrial hand tools.

The merger is expected to be completed later this year. Terms of the agreement were not disclosed, although SK's chairman, Thomas Corcoran, said there would be an exchange of cash and stock. (Both companies are privately held.)

SK has been pursuing this company, off and on, for two years since Williams was put up for sale in late 1983 by TRW Inc. A group of investors led by Corcoran had just purchased SK from Dresser Industries of Dallas in October 1983, "and we were very interested in buying Williams, too," said Corcoran.

He recalls getting "beat out" of that acquisition by a San Diego capital investment firm called Polaris Capital Group, which at that time was headed by Williams' current chairman John Doede.

"I've known John for several years, and when we met earlier this year, I suggested that maybe an agreement for a merger could be reached, and he was interested," said Corcoran.

Each company will retain its current management, and Corcoran expected the two companies' manufacturing and distribution policies to remain intact. Daniel Czuba will continue as SK's president.

"The big advantage we see for both sides is in the exchange of technical and research information," said Corcoran. "And, later down the road, we will be able to accelerate our line additions, which we've been planning to do at any rate." Corcoran felt the long range benefits for Williams would be derived from SK's marketing expertise.

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